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SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1994  
or

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 33-11634

TRANS-RESOURCES, INC.  
(Exact name of registrant as specified in its charter)

<TABLE>  
<S>

<C>

Delaware

36-2729497

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer  
Identification No.)

9 West 57th Street, New York, NY

10019

(Address of principal executive offices)

(Zip

Code)

</TABLE>

Registrant's telephone number, including area code: (212) 888-3044

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act: NONE

Indicate by check mark whether registrant (1) has filed all reports  
required to be filed by Section 13 or 15 (d) of the Securities  
Exchange Act of 1934 during the preceding 12 months (or for such  
shorter period that registrant was required to file such reports), and  
(2) has been subject to such filing requirements for the past 90 days.  
YES X NO

--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to  
Item 405 of Regulation S-K is not contained herein, and will not be  
contained, to the best of registrant's knowledge, in definitive proxy  
or information statements incorporated by reference in Part III of  
this Form 10-K or any amendment to this Form 10-K. /X/

State the aggregate market value of the voting stock held by  
non-affiliates of registrant. None held by non-affiliates

Indicate the number of shares outstanding of each of registrant's

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classes of common stock, as of the latest practicable date.

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Class	Outstanding at March 27, 1995
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<S> Common Stock, par value \$.01 per share Inc.)	<C> 3,000 shares (Owned by TPR Investment Associates,

</TABLE>

Documents incorporated by reference.  
None

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## PART I

## ITEM 1. Business

Trans-Resources, Inc., a privately owned Delaware corporation ("the Company"), is a multinational manufacturer of specialty plant nutrients, organic chemicals, industrial chemicals and potash and distributes its products in over 80 countries. The Company is the world's largest producer of potassium nitrate, which is marketed by the Company principally under the brand names K-Power domestically and Multi-K internationally (collectively, referred to as K-Power). The Company is also the world's largest producer of propanil, a leading rice herbicide. In addition, the Company is the largest United States producer of potash. During 1994, specialty plant nutrients, organic chemicals, industrial chemicals and potash contributed approximately 41%, 11%, 31% and 17%, respectively, of the Company's total revenues. The following table sets forth the primary markets and applications for each of the Company's principal products:

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Principal Products Applications	Primary Markets	
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<S>	<C>	<C>
SPECIALTY PLANT NUTRIENTS		
K-Power	- Fresh fruits and vegetables,	-
Fertigation and foliar sprays	flowers, cotton and tobacco	
(fully soluble, readily absorbed,	Horticulture	no
Polyfeed		
harmful residues)	Horticulture	
Multi-MAP	Horticulture	
Multi-MKP	Vegetables, citrus, tropical fruits	
Magnisal		

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Multicote	and flowers	
release of nutrients (to	- Vegetables, turf, fruit trees and	- Time
optimize plant feeding and	potted plants	
minimize labor requirements)		
ORGANIC CHEMICALS		
Propanil	- Rice	- Broad
spectrum weed control		
Dichloroaniline	- Organic chemical manufacturers	-
Intermediate propanil product		
Butoxone	- Peanuts	- Weed
control		
Ethephon	- Cotton, fruit and vegetables	- Plant
growth regulator		
Custom Manufacturing	- Various industrial companies	-
Various organic synthesis		
INDUSTRIAL CHEMICALS		
Technical Grade Potassium	- Glass, ceramics, food, explosives,	-
Oxidization and ion exchange	metal, petrochemical and heat	
Nitrate	treatment industries	
Potassium Carbonate	- Glass, detergents and horticulture	-
Oxidization and cleansing		
Phosphoric Acid	- Industrial production, food and	- Metal
treatment, industrial	fertilizer industries	
cleaning and fermentation		
Sodium Tripolyphosphate	- Soaps and detergents	-
Cleansing ingredient		
Monoammonium Phosphate	- Chemical manufacturers	- Fire
extinguishing powders	Chemical manufacturers	and
Diammonium Phosphate		
fire retardant formulations	- Food processing companies	-
Monopotassium Phosphate		
Fermentation process	- Food processing companies	-
Sodium Acid Pyrophosphate		
Baking powders and potato		
processing		
Chlorine	- Chemical companies	- Water
purification, production of paper pulp and PVC		pipe
Nitrogen Tetroxide	- United States Government	-
Aerospace fuel additive		
POTASH		
Agricultural Grade	- Corn, wheat, rice, soybeans	-
Fertilizer		
Industrial Grade	- Various industrial companies	-
Intermediate production of chemicals and lubricants		

Of the Company's total revenues for the year ended December 31, 1994, approximately 37% and 35% were derived from sales in the United States and Europe, respectively, with the remainder derived from sales in many other countries.

On February 7, 1994, the smaller of the two potassium nitrate production units of the Company's Israeli subsidiary, Haifa Chemicals Limited ("HCL"), was damaged by a fire, causing a temporary reduction of the Company's potassium nitrate production capacity. The impact of the loss of the production unit, including the effect of business interruption, is substantially covered by insurance. The insurance proceeds for the property damage is for replacement value, which substantially exceeds the recorded carrying value of the damaged assets. See Note D of Notes to Consolidated Financial Statements for additional information. The Company is currently replacing the damaged production unit and expects to complete the construction of the replacement unit by April, 1995.

Management is not aware of any independent, authoritative source of information about sizes, growth rates or shares for the Company's markets. The market size, market growth rate and market share estimates contained herein have been developed by the Company from internal sources and reflect the Company's current estimates. However, no assurance can be given regarding the accuracy of such estimates.

The Company's operations are conducted through its direct and indirect wholly-owned subsidiaries which include HCL, and HCL's wholly-owned subsidiary, Haifa Chemicals South, Ltd., an Israeli corporation ("HCS"); Cedar Chemical Corporation, a Delaware corporation ("Cedar"), and Cedar's wholly-owned subsidiaries, Vicksburg Chemical Company, a Delaware corporation ("Vicksburg"), and New Mexico Potash Corporation, a New Mexico corporation ("NMPC"); and Eddy Potash, Inc., a Delaware corporation ("Eddy"). The Company was incorporated in Delaware in 1971 under the name Trans-Pacific Resources, Inc. ("Trans-Pacific").

#### SPECIALTY PLANT NUTRIENTS

The Company is a multinational manufacturer of a range of specialty plant nutrients, which contributed approximately \$136,000,000 to the Company's revenues for the fiscal year ended December 31, 1994, of which K-Power contributed a substantial portion.

**Products and Markets.** K-Power, Polyfeed (a fully soluble plant nutrient containing nitrogen, phosphate and potassium), Magnisal (magnesium nitrate), Multi-MAP (monoammonium phosphate) and Multi-MKP (monopotassium phosphate) are suitable for intensive high value crops such as fresh fruit and vegetables, flowers, cotton and tobacco, since they are fully soluble, easily absorbed and leave no harmful residues such as chloride, sodium or sulfate. Because of their solubility, these products can be used with modern drip irrigation systems, which are increasingly being employed to conserve water. The Company produces several grades of agricultural potassium nitrate, including standard and prilled. The Company is the world's largest producer of potassium nitrate.

Worldwide demand for potassium nitrate has been growing steadily since potassium nitrate was introduced in the 1960s. The market for K-Power has enjoyed steady volume growth because it increases plant yields, improves crop quality and shortens growing cycles. As a result, potassium nitrate commands a price premium over other potassic plant nutrients such as potassium sulfate and sulfate of potash magnesia, used in combination with ammonium nitrate.

After a multi-year research and development effort, the Company

developed a technology for the coating of potassium nitrate and other specialty plant nutrients which promotes the controlled release of nutrients over time. These products increase nutrient uptake by plants while minimizing fertilizer runoff into the soil, thus satisfying growing environmental concerns, and reducing labor requirements. The Company is marketing these controlled release plant nutrients products under the Multicote brand name.

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**Marketing and Sales.** As part of the Company's market development and sales efforts, resident agronomists are located in the United States, Italy, France, the United Kingdom, Greece, Mexico, South Africa, Japan and the Benelux countries. The steady growth in demand for the Company's specialty plant nutrients has been supported by agronomic activities in many countries which have demonstrated the benefits of using K-Power. Horticultural and agricultural growers generally require substantial testing under their own specific climatic, soil and growing conditions before they will adopt a new plant nutrient. The Company has developed application expertise which has produced a growing number of applications and users.

To market its specialty plant nutrients, the Company has established a worldwide network of agents and distributors and uses storage facilities in certain countries to provide prompt and responsive customer service. However, depending on the conditions prevailing in the particular market, certain large users are serviced directly and certain products are covered by product managers who have worldwide responsibility for such products. In order to further improve service to its customers in Western Europe, the Company has established subsidiaries in the United Kingdom, Belgium, Spain and Italy. A French subsidiary engaged in the fertilizer business and having its own sales and distribution network also markets the Company's specialty plant nutrients. For United States sales, the Company utilizes its own sales force and also works in selected areas through brokers.

In general, in the United States, the Company sells K-Power to blenders who produce mixed fertilizers containing potassium nitrate, which is then sold to growers. Internationally, the Company's distributors usually sell directly to growers.

**Manufacturing.** The Company believes it accounts for approximately 65% of the world's production of potassium nitrate and its current annual potassium nitrate production capacity is approximately 510,000 metric tons. This capacity includes the construction of the replacement of the plant damaged in the February 1994 fire at HCL, which is scheduled to be completed in April, 1995. To meet the anticipated continued growing demand of the market, in late 1994 the Company expanded its production capacity by constructing a new facility (the "K3 Plant") in Israel, with capacity to produce approximately 100,000 metric tons of potassium nitrate annually. Capacity of the K3 Plant may be expanded in subsequent years. See "Facilities and Suppliers" below.

**Competition.** The Company's only significant competitor in the production and sale of potassium nitrate is Sociedad Quimica Y Minera De Chile, S.A., a Chilean company. The principal methods of competition are product quality, customer service, agronomic expertise and price.

#### ORGANIC CHEMICALS

The Company's organic chemicals business has grown by building upon

its capabilities in specialized areas of complex organic synthesis. Its sales were approximately \$38,000,000 in 1994, with sales of propanil representing approximately 62% thereof.

**Products and Markets.** The Company's organic chemicals products include propanil (a leading rice herbicide, which Cedar markets principally under the Cedar label and the brand names "Wham! EZ" and "Super Wham!"), dichloroaniline ("DCA," the principal raw material for the production of propanil), Butoxone (a peanut herbicide) and Diuron (a broad use herbicide used on food crops, alfalfa and cotton). During 1994, the Company received an EPA Registration for Ethephon, a cotton, fruit and vegetable growth regulator. The Company estimates that it currently produces approximately 85% of the propanil sold in the United States. The Company has also developed several new propanil formulations which offer various advantages in terms of ease of application and improved environmental impact in an effort to expand the propanil market. The Company is currently the only producer of DCA in North America.

Although the United States is currently the largest propanil market, representing approximately 35% of the world market, the United States contains only a small proportion of the world's rice acreage. Accordingly, the Company believes there is significant potential for propanil growth internationally. The

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Company has established an international market development program to introduce propanil to additional markets around the world. As the largest propanil producer in the world and a low cost producer, the Company believes it is positioned to benefit from growth in the international propanil market.

The Company also produces other organic chemicals as a contract manufacturer for various chemical companies. Through this contract manufacturing, the Company has developed certain techniques for the synthesis of complex organic chemicals which has been beneficial to it in both its contract manufacturing activities as well as its own developmental efforts for proprietary products.

**Marketing and Sales.** The Company produces and sells propanil under its own brand name and supplies propanil to other agrichemical companies under long-term supply contracts. Sales by the Company of propanil and DCA under a long-term supply contract with the company that, prior to 1992, was the world's largest producer of propanil, represented approximately 17% of the Company's sales of organic chemicals in 1994.

The Company sells propanil and its other organic chemical products through its own sales force, distributors, regional dealers, cooperatives and international brokers.

**Manufacturing.** The Company is a low cost producer of propanil as a result of its 1991 acquisition, relocation and upgrading of a DCA manufacturing plant. The Company intends to continue to expand its organic chemicals business by developing and/or distributing new products that draw upon its skills in organic chemical synthesis and/or its sales organization.

**Competition.** In the United States market, the Company competes primarily with two other propanil suppliers, while in international markets the

Company competes with several producers. Propanil competes with several other rice herbicides, but is currently the most commonly used rice herbicide. Diuron and Ethephon compete with other products supplied by several multi-national companies. In contract manufacturing, the Company competes with various other producers and the basis of competition is generally the quality and range of production capabilities, service and price.

#### INDUSTRIAL CHEMICALS

The Company's industrial chemical products include technical grade potassium nitrate, technical and food grade sodium tripolyphosphate ("STPP"), technical and food grade phosphoric acid, technical grade monoammonium phosphate and diammonium phosphate ("MAP" and "DAP"), technical and food grade monopotassium phosphate ("MKP"), food grade sodium acid pyrophosphate ("SAPP"), chlorine, nitrogen tetroxide and food grade salts. Industrial chemicals contributed approximately \$103,000,000 to the Company's revenues for the fiscal year ended December 31, 1994. The Company began production of potassium carbonate in 1995 at a new plant constructed for this purpose by Vicksburg.

**Products and Markets.** Technical grade potassium nitrate is used in the glass industry for making fine tableware glass, TV tubes and crystal glass; in the metal industry for heat treatment; in the ceramics industry for the glazing process; for making explosives and for the production of heat transfer salts in the petrochemical industry; and for solar energy systems.

Phosphoric acid is used in metal treatment, industrial cleaning solutions, fermentation processes and for carbonated drinks in the food industry. STPP is used primarily in the manufacturing of detergents and specialty cleaning compounds and in the textile and ceramic clay industry; MAP and DAP are used for fire extinguishing powders and fire retardant functions; MKP is used for the fermentation process; and SAPP is an ingredient in baking powders and is used for potato processing. Chlorine is used in the pulp and paper industry and as a swimming pool disinfectant. Nitrogen tetroxide is an aerospace fuel additive. Food grade salts are used in food processing. Potassium carbonate produced at Vicksburg's new plant will be used primarily in the glass industry.

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**Marketing and Sales.** The Company sells its industrial chemicals through its own sales force and brokers in the United States and internationally through a worldwide network of agents and distributors. Nitrogen tetroxide is primarily sold under a long-term contract to the United States Government. The Company utilizes storage facilities in certain countries.

**Production.** Many of these industrial products are co-products of the Company's potassium nitrate manufacturing process. Given its production flexibility, the Company can vary the relative proportion of the various phosphate chemicals (STPP, MAP, MKP, DAP and SAPP) to optimize its product mix in light of then prevailing market conditions.

**Competition.** Certain of the Company's industrial chemicals products, such as STPP and phosphoric acid, compete in large industrial chemical markets in which the Company has a small position. Others, such as technical grade potassium nitrate, MAP, MKP and nitrogen tetroxide have relatively significant competitive positions in their respective niche markets. The nature of



competition for the various industrial chemicals sold by the Company varies by product. However, in general, the principal methods of competition are product quality, customer service and price.

#### POTASH

The Company is the largest United States producer of potash, producing approximately 800,000 short tons in 1994, primarily for agricultural use as fertilizer. During 1994, the Company's share of total potash production in the United States was approximately 31% and its share of total North American potash production was approximately 5%. Potash provides potassium, an essential nutrient for a wide range of crops, including wheat, soybeans and corn. The Company, through Eddy and NMPC, mines, refines and distributes potash from two mines and related refineries located in New Mexico. Potash sales in 1994, excluding intercompany sales to Vicksburg, amounted to approximately \$57,000,000.

**Products and Markets.** During 1994, approximately 73% of the Company's potash production was sold as fertilizer and the balance was sold for industrial uses or used by Vicksburg as a raw material in the production of potassium nitrate. The Company does not view these operations as a source of growth.

**Marketing and Sales.** In the United States, the Company's sales force sells potash to blenders for fertilizer material and to industrial customers. Export sales are handled by a sales subsidiary of Potash Corporation of Saskatchewan. During 1994, the Company sold approximately 75% of its potash production domestically and 25% internationally.

Average selling prices for potash in the United States have increased over the last year, and continue to be above the 1987 price levels, at least in part as a result of the United States Government's preliminary findings in a Canadian potash antidumping investigation and the subsequent Canadian potash antidumping agreement. If such agreement is terminated or violated by the Canadian producers, then depending on the actions taken by the United States Government, the production and pricing decisions of Canadian producers, and other market factors, it is possible that the current price levels for potash could decline substantially, which would adversely affect the Company's results of operations. See Item 3 - "Legal Proceedings" below.

**Production.** The Company's potash is mined from approximately 90,000 acres which are under long-term lease, principally from the United States Government and the State of New Mexico. Such leases cover estimated ore reserves, as of December 31, 1994, of approximately 95,000,000 short tons of recoverable ore, at thicknesses ranging from four to eight feet. At average recovery rates these ore reserves are estimated to be sufficient to yield approximately 16,500,000 short tons of potash concentrate with an average grade of 60% to 62% "K<sub>2</sub>O" (a common standard of measurement established by the industry by defining a product's potassium content in terms of equivalent percentages of potassium oxide). As of December 31, 1994 and based on current rates of production (aggregating approximately 800,000 short tons annually) and depending on market conditions and production costs, these ore reserves are estimated to be sufficient to support the mining operations of NMPC for approximately 25 years and of Eddy for approximately 10 years. In June,

285,000 tons per year), reduced its workforce by about 30%, changed its product mix to higher priced products and began mining a greater percentage of another ore zone. These changes are anticipated to cause a significant improvement in the estimated life of Eddy's mine reserves.

**Competition.** Potash is available from several sources, both domestic and foreign, including very large Canadian sources of supply. As a result, the market is highly competitive. Since potash is a commodity product, the most significant competitive factor affecting sales is price.

#### FACILITIES AND SUPPLIERS

Vicksburg owns the property, plant and equipment located at its Vicksburg, Mississippi site and Cedar owns the property, plant and equipment located at its West Helena, Arkansas site. The Vicksburg plant consists of two adjacent manufacturing plants situated on 600 contiguous acres. Vicksburg recently completed the construction of a third manufacturing plant on its property, which is being used for the production of potassium carbonate. The West Helena plant is located on a 60 acre site. The plants are encumbered by first mortgages and security interests securing long-term bank indebtedness. Cedar's corporate offices are located in leased premises in Memphis, Tennessee.

The major raw materials required by Vicksburg for production of potassium nitrate are potash supplied by NMPC and nitric acid which is produced at the Vicksburg plant. Ammonia, the principal raw material required for production of nitric acid, is supplied from two plants owned by a third party in close proximity to the Vicksburg facility. The major raw material for the production of propanil is DCA. The principal raw material for the production of DCA is provided to the Company under a supply contract. Such raw material is available from multiple sources.

NMPC owns the property, plant and equipment located at its 320 acre site near Hobbs, New Mexico. The property, plant and equipment is encumbered by a first mortgage and security interest securing long-term bank indebtedness.

Eddy owns the property, plant and equipment located at its 680 acre site in Eddy County, New Mexico.

HCL owns its machinery and equipment and leases its land and buildings from Oil Refineries Ltd. ("ORL"), a corporation which is majority-owned by the Israeli Government. The leases expire at various dates, principally in 21 years. Substantially all of the assets of HCL are subject to security interests in favor of the State of Israel or banks. HCL also has a contract with ORL for steam and processed water which expires on December 31, 1996 and a lease from ORL of a pipeline which transports ammonia from the port in Haifa to HCL's plant. HCS leases its land from the Israeli Government under a 49 year lease commencing in 1994, with the payments for such lease paid in advance and included in the K3 construction costs.

HCL recently expanded its production capacity by constructing the K3 Plant, with the capacity to produce annually approximately 100,000 metric tons of potassium nitrate and 15,000 metric tons of phosphoric acid. The K3 Plant was built in the southern part of Israel, on land leased on a long-term basis from the Government of Israel - see Note D of Notes to Consolidated Financial Statements. Capacity of the K3 Plant may be expanded in subsequent years. Provided it complies with the conditions specified in the applicable certificate of approval, HCL will receive, with respect to taxable income derived from the K3 Plant, certain benefits accorded under Israel's Investments Law.

On February 7, 1994, the smaller of HCL's two potassium nitrate production units was damaged by a fire, causing a temporary reduction of the Company's potassium nitrate production capacity. The impact of the loss of the

production unit, including the effect of business interruption, is substantially covered by insurance. The insurance proceeds for the property damage is for replacement value, which substantially exceeds the recorded carrying value of the damaged assets. See Note D of Notes to Consolidated Financial

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Statements for additional information. The Company is currently replacing the damaged production unit and expects to complete the construction during April, 1995.

HCL obtains its major raw materials, potash and phosphate rock, in Israel. HCL purchases potash solely from Dead Sea Works, Ltd. ("DSW") in accordance with a supply contract expiring December 31, 1999. The contract provides for prices to be established quarterly, based on the weighted average of the FOB Israeli port prices paid to DSW by its overseas customers during the preceding quarter plus certain adjustments thereto. HCL purchases phosphate rock solely from Rotem Deshanim ("Rotem") (formerly known as Negev Phosphates, Ltd.) pursuant to a supply agreement expiring on June 30, 1995. Based on a letter of intent between Rotem and HCL, a long-term contract is being negotiated. DSW and Rotem are companies that are majority-owned by the Israeli Government and the sole suppliers in Israel of potash and phosphate rock, respectively. While HCL views its current relationships with both of its principal suppliers to be good, the loss of supply from either of these sources would have an adverse effect on the Company.

Ammonia, which is used to produce nitric acid (which in turn is used to produce potassium nitrate), is manufactured in Israel as well as imported. The ammonia used by HCL is currently imported from a producer under supply agreements expiring on December 31, 1995. HCL owns ammonia terminal facilities located on leased property in the port of Haifa which have the capacity to store an amount of ammonia sufficient to meet HCL's requirements.

Management believes that its facilities are in good operating condition and adequate for its current needs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Expenditures".

#### RESEARCH AND DEVELOPMENT

The Company has developed and patented certain manufacturing processes and has submitted other applications for patents for additional processes. As of December 31, 1994, the Company employed 70 research and development scientists, engineers and technicians, who are involved in the development and evaluation of process technologies, efficiencies and quality control. For the years ended December 31, 1992, 1993, and 1994, the Company spent approximately \$2,945,000, \$3,206,000 and \$3,978,000, respectively, on these efforts, which have been charged to current operations.

#### PERSONNEL AND LABOR RELATIONS

As of December 31, 1994 the Company employed approximately 1,400 people. Approximately 260 employees have advanced technical and academic qualifications.

None of Cedar's, Vicksburg's or NMPC's employees are represented by any collective bargaining unit. Eddy's hourly work force is represented by

three labor unions. Eddy's collective bargaining agreements covering the hourly work force expire in July 1995. Eddy has enjoyed good relations with its labor unions and has not had a significant work stoppage for many years.

Technicians and engineers of HCL are members of the Union of Technicians and Engineers, which operates throughout Israel, and substantial terms of their employment (e.g. salaries and promotions) are governed by a general collective agreement which HCL does not negotiate directly with such employees. The other employees of HCL are members of the "Histadrut", the dominant labor union in Israel, and their terms of employment are governed by a Specific Collective Agreement ("SCA") negotiated by HCL with the Histadrut and the representatives of the employees. The contractual terms of the most recent SCA expired on December 31, 1994, with the result that it remains statutorily in effect until terminated by either party thereto at any time upon two months prior written notice. In 1994, a new agreement was signed with the technicians and engineers for the three year period ending December 31, 1996. HCL is currently negotiating a new SCA for the two year period ending December 31, 1996.

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HCL's last major labor dispute took place in July 1991 and related to negotiations of the SCA for 1990 and 1991. As a result of this dispute, HCL's employees went on strike for approximately four weeks during the third quarter of 1991. Prior to that, the last major labor dispute took place in 1983, which resulted in a strike of approximately two weeks.

#### ENVIRONMENTAL MATTERS

##### Cedar and Vicksburg

Vicksburg's plant located in Vicksburg, Mississippi and Cedar's West Helena, Arkansas plant discharge process waste water and storm water pursuant to permits issued in accordance with the Federal Clean Water Act and related state statutes. Air emissions at each plant are regulated by permits issued pursuant to the Federal Clean Air Act and related state statutes. While the plants have generated solid waste regulated by the Federal Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984 ("RCRA") and related state statutes, the Company believes that such waste is currently handled and disposed of in a manner which does not require the Company to have permits under RCRA or any related state statute.

The Environmental Protection Agency's (the "EPA") Regional Office in Atlanta notified Cedar in 1989 that unspecified corrective action will be required to protect against the release of contaminants allegedly present at the Vicksburg plant as a result of previous pesticide manufacturing operations. As a result of the notice, Cedar reached agreement with the EPA and the Department of Justice on the terms of a Consent Decree which was filed in the United States District Court at Jackson, Mississippi in January 1992. Pursuant to the Consent Decree, Cedar submitted a report of current conditions. Upon agency approval of this report and of the facility investigation work plan to be thereafter submitted for the Vicksburg plant, Vicksburg will undertake a site investigation and corrective measures study, followed by implementation of appropriate corrective action. Compliance with the Consent Decree is expected to occur over a five to six year period.

Cedar's West Helena plant utilizes a surface impoundment for biological treatment of non-hazardous waste streams which was the subject of an

enforcement proceeding initiated by the Arkansas Department of Pollution Control and Ecology (the "ADPCE") in 1986. The proceeding resulted in a Consent Administrative Order which required Cedar to carry out various studies, ultimately leading to the implementation of a groundwater monitoring system. Based in part on the results of groundwater monitoring and in part on the discovery of a drum burial area on the West Helena plant site, the ADPCE requested Cedar to initiate an expanded plant-wide investigation pursuant to a Consent Administrative Order. The Order was entered in the third quarter of 1991. Implementation is expected to occur over a five year period.

Cedar removed the buried drums from the West Helena site in accordance with a work plan incorporated in the Consent Administrative Order and, shortly thereafter, filed a suit against a former operator of the plant site for contribution for the costs incurred. In October 1994, Cedar reached a settlement pursuant to which it recovered \$1,580,000 of its previously incurred drum removal and investigative costs. The settlement also provides for binding arbitration among Cedar and two former operators at the plant site to apportion future investigative and remedial costs required under the Order.

The Company believes that the future costs required to complete the site investigation and corrective measures studies at Vicksburg and the plant-wide investigation at West Helena will be between \$500,000 and \$1,000,000 and will be expended over two to three years. Interim corrective measures may also be implemented at one or both of these locations during this same period. As of December 31, 1993 and 1994, the Company has accrued an aggregate of \$1,250,000 for these matters. Until these investigations are completed, it is not possible to definitively determine the costs of any interim or final corrective actions which will be required. Any such corrective action costs will be expended over a period of years. There can be no assurance that such costs will not be material.

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In November 1992, Cedar entered into an agreement with the ADPCE to resolve alleged violations of Cedar's National Pollutant Discharge Elimination System permit (issued to its West Helena Plant in accordance with the Federal Clean Water Act and related state statutes) by agreeing to enter into an additional Consent Administrative Order which will require implementation of additional corrective measures intended to assure future compliance with the requirements of the permit and which required the payment of a penalty of \$80,000. As of December 31, 1994, Cedar had substantially completed implementation of all measures required under this Order.

In 1987, Cedar entered into a cost sharing agreement with 55 other companies to fund costs associated with the clean-up of an abandoned waste disposal site located near Bayou Sorrel, Louisiana. The sharing agreement was the basis for a consent decree to which Cedar and the other companies are parties, settling claims brought by the EPA pursuant to the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended. The sharing agreement allocates approximately 4% of the clean-up costs to Cedar. The remedy selected by EPA for this site has been successfully implemented and the participating parties' respective shares for cost of future monitoring and maintenance activities on the site until the year 2022 was redetermined. Cedar's share of such future costs was determined to be approximately \$170,000, which includes a 25% contingency factor.

Eddy and NMPC

The Company's potash operations are subject to various Federal, state

and local environmental laws. The Company does not believe significant expenditures will be required for the potash operations in the near future or that its ongoing environmental operating costs will be material.

#### HCL

As a result of the chemicals and processes used by HCL in the course of production, nitrous oxide ("NOX") gases, potassium nitrate and STPP dusts are emitted into the air. In 1986, the Israeli Ministry of Interior issued an order (the "Order") under the Law for the Prevention of Hazards of 1961 directing HCL to avoid unreasonable air pollution and to take certain remedial actions, including the installation of measuring devices. In response to the Order, HCL installed analyzers for the continuous measuring of the NOX content of the tail gases in its two nitric acid plants and opacity meters for the measurement of dust content in the air emitted from potassium nitrate dryers. An additional absorption tower for the recovery of NOX from the tail gases of the larger nitric acid plant was installed in 1989 as well as two ventury scrubber units for the reduction of the dust content in the air emitted from the dryers of both potassium nitrate plants. As part of a 1990 nitric acid capacity increase, an NOX abatement unit was installed in the smaller nitric acid plant. As a result of these actions, HCL complied with the Order.

As a result of the production of phosphoric acid, HCL generates acid sludge and liquid acid effluent. HCL had previously disposed of its acid sludge in designated approved sites. In accordance with a permit issued by the Israeli Agency for Environmental Preservation of the Ministry of Interior pursuant to the Law for the Prevention of Sea Pollution (Disposing of Wastes) of 1983 and 1984, HCL is now disposing of the acid sludge in a designated site in the Mediterranean Sea, situated 20 nautical miles from the Israeli coast. The permit allows for the disposal of a quantity which is sufficient to satisfy HCL's needs. The permit is valid until December 31, 1995.

HCL currently disposes of its liquid acid effluents in a local river. Local authorities have advised HCL that it must find an alternative site for such disposal. On December 21, 1994, Man, Nature and Law, an Israeli fellowship for the protection of the environment, together with six fishing companies, filed a complaint in the Magistrate's Court of Haifa against HCL and its directors alleging violation of specified Israeli environmental laws through HCL dumping of chemical waste into this river without adequate permits. HCL believes that disposition of this complaint will not have a material adverse effect on its financial position or operations. The present solution proposed by HCL as an alternative to disposal in the river, is to dispose of the liquid acid waste four kilometers into Haifa Bay utilizing a marine pipeline. This proposal, accepted in principle by both the local authorities for environmental protection and the Haifa port authorities, was

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submitted for approval to the Ministry of Environmental Protection in Jerusalem. The Ministry gave HCL permission to proceed with the design of the marine pipeline, subject to HCL fulfilling certain requirements, including studies of sea conditions in the area for the proposed pipeline and of the effect of the acid waste on the sea environment. The Company estimates that HCL will be required to invest approximately \$8,000,000 over the next two years if this proposed solution is adopted and annual operating costs, after completion of the project, will be approximately \$800,000.

Appropriate provisions have been made in the consolidated financial statements with respect to the above matters. See Notes A and N of Notes to

## Consolidated Financial Statements.

## ITEM 2. Properties.

Reference is made to "Facilities and Suppliers" in Item 1 above, "Business," for information concerning the Company's properties. See also Note D of Notes to Consolidated Financial Statements for additional information.

## ITEM 3. Legal Proceedings.

1. On or about December 20, 1991, Peter N. Zachary together with fifteen other persons, claiming to be shareholders of Sylvan Learning Centers, Inc., The Enstar Group, Inc. ("Enstar"), Kinder-Care, Inc. and Kinder-Care Learning Centers, Inc., filed a complaint in the Circuit Court for Montgomery County, Alabama against Richard J. Grassgreen ("Grassgreen") and Perry Mendel ("Mendel") (each a former indirect stockholder and director of the Company), another former indirect stockholder and director of the Company, TPR Investment Associates, Inc. ("Associates," which is a former parent corporation of the Company), Trans-Pacific (the former name of the Company) and various other named persons and entities and certain unnamed entities. The complaint alleges that in January 1986, Grassgreen and Mendel became part owners of Associates along with the other former indirect stockholder and director of the Company and certain employees of Drexel Burnham Lambert Incorporated. The complaint also alleges that in January 1986, Grassgreen caused Enstar, through its subsidiary, Care Investors, Inc., to purchase a one-third interest in Associates for \$3,000,000 and to loan Associates \$10,000,000 to permit it to acquire Trans-Pacific, which would substantially increase the profits Grassgreen and Mendel could make on their investments in Trans-Pacific. The complaint does not explain how these allegations are actionable against Associates or Trans-Pacific. The Company filed a motion to dismiss the complaint. On or about May 27, 1993, the Court entered an order dismissing substantially the entire complaint. Plaintiffs thereafter filed a second amended complaint, against which the Company also filed a motion to dismiss. On or about August 10, 1993 the Court entered an order dismissing four of the five Counts of the amended complaint. The Company has interposed an answer to the remaining Count in the complaint.

2. Beginning in April 1993 a number of class of action lawsuits were filed in several United States District Courts against the major Canadian and United States potash producers, including Eddy and NMPC. The purported class actions were on behalf of all purchasers of potash from any of the defendants or their respective affiliates, at any time during the period from April 1987 to the present, and alleged that the defendants conspired to fix, raise, maintain and stabilize the prices of potash in the United States purchased by the plaintiffs and the other members of the class in violation of the United States antitrust laws. The complaints seek unspecified treble damages, attorneys fees and injunctive relief against the defendants. Pursuant to an order of the Judicial Panel for Multidistrict Litigation, all of the Federal District Court actions have been consolidated for pretrial purposes in the United States District Court for Minnesota and captioned In Re Potash Antitrust Litigation. On March 14, 1994, this Court scheduled the trial to begin on or about January 1, 1996. Several additional and/or amended complaints were filed in the Minnesota Federal District Courts making substantially the same allegations as the earlier complaints. These complaints have been superseded by or deemed included in the Third Amended and Consolidated Class Action Complaint, to which NMPC and Eddy served and filed answers denying all the material allegations thereof on or about July 22, 1994. On or about January 12, 1995 this Court granted plaintiffs' motion to certify the plaintiff class.

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On or about May 27, 1993 a purported class action captioned Angela Coleman v. New Mexico Potash Corp., et al. was filed against the major Canadian and United States potash producers, including Eddy and NMPC, and unnamed co-conspirators in the Superior Court of the State of California for the County of Los Angeles. The Coleman action was commenced by Angela Coleman on behalf of a class consisting of all California indirect purchasers of potash, and alleges that the defendants conspired to fix, raise, maintain and stabilize the prices of potash indirectly purchased by the members of the class in violation of specified California antitrust and unfair competition statutes. The complaint in Coleman seeks unspecified treble damages, attorneys fees and injunctive relief against the defendants. In addition, on or about March 29, 1994, a purported class action captioned Neve Bros. et al. v. Potash Corporation of Saskatchewan, et. al., was commenced in the Superior Court of the State of California for the City and County of San Francisco against the major Canadian and United States potash producers and unnamed co-conspirators. Eddy, NMPC, NMPC's parent, Cedar Chemical Corporation ("Cedar"), and Cedar's parent, Nine West Corporation, and the Company are among the named defendants in the Neve action. The Neve action, also brought on behalf of a class of indirect purchasers of potash in California, makes substantially the same allegations as made in the Coleman action and seeks substantially the same legal and equitable remedies and relief. Motions have been filed for Eddy to be dismissed from both the Coleman and Neve actions, and for Nine West Corporation and the Company to be dismissed from the Neve actions, in each case for lack of personal jurisdiction. Cedar and NMPC have served and filed answers in the Neve action, and NMPC has served and filed an answer in the Coleman action, in each case denying all material allegations of the respective complaint. The Coleman action has been consolidated with the Neve action in the Superior Court of the State of California for the City and County of San Francisco.

On or about August 2, 1994, a purported class action on behalf of indirect purchasers of potash outside of California, David B. Gaebler v. New Mexico Potash Corporation, et al., was commenced against the major Canadian and United States potash producers, including Eddy and NMPC, in the Circuit Court of Cook County, Illinois under the Illinois consumer fraud statute. The Gaebler action makes substantially the same allegations made in the Neve and Coleman actions and seeks unspecified compensatory and punitive damages and an award of attorneys' fees and costs. On February 28, 1995, the defendants served motions to dismiss the complaint in the Gaebler action.

Management has no knowledge of any conspiracy of the type alleged in these complaints.

There are several other legal proceedings pending against the Company and certain of its subsidiaries arising in the ordinary course of its business which management does not consider material.

Management of the Company believes, based upon its assessment of the actions and claims outstanding against the Company and certain of its subsidiaries, and after discussion with counsel, that the eventual disposition of the matters described or referred to above should not have a material adverse effect on the financial position, future operations or liquidity of the Company.

On or about November 26, 1993 Eddy and NMPC (and other major United States potash producers) were served with subpoenas issued by the United States District Court for the Northern District of Ohio to produce documents to a grand jury authorized by the U.S. Department of Justice Antitrust Division ("DOJ") to investigate possible violations of the antitrust laws in connection with the allegations made in the civil actions describe above. A salesman employed by the sales group for Eddy and NMPC testified before the grand jury



pursuant to a subpoena. Eddy and NMPC are cooperating with DOJ in connection with the subpoenas.

For information relating to certain environmental proceedings affecting the Company, see "Environmental Matters" in Item 1 above, "Business."

#### ITEM 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the quarter ended December 31, 1994.

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### PART II

#### ITEM 5. Market for the Registrant's Common Equity and Related Stockholder Matters.

All of the Company's equity securities are owned by TPR Investment Associates, Inc. ("TPR"). See Item 12 - "Security Ownership of Certain Beneficial Owners and Management." In addition, see Note G of Notes to Consolidated Financial Statements for information regarding certain restrictions on the Company's payment of dividends. During 1992, 1993 and 1994 the Company paid or declared dividends on its Common Stock in the amounts of \$13,136,000, \$7,508,000 and \$4,466,000, respectively.

#### ITEM 6. Selected Financial Data.

The following table presents selected consolidated financial data of the Company for the five year period ended December 31, 1994. This data has been derived from the consolidated financial statements of the Company and should be read in conjunction with the notes thereto.

<TABLE>  
<CAPTION>

			Year Ended	
December 31,			1991	1992
1993	1994	1990		
-----	-----	-----	-----	-----
thousands)			(in	
<S>		<C>	<C>	<C>
<C>	<C>			
Results of Operations:				
Revenues				
\$345,356	\$326,315	\$334,107	\$292,235	\$309,068
Operating costs and expenses:				
Cost of goods sold				
266,770	255,563	265,795	219,878	238,489
General and administrative				
36,270	38,375	37,780	29,488	33,262
			-----	-----
operating income			42,869	37,317

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42,316	32,377	30,532		
Interest expense . . . . .			(32,153)	(31,210)
(27,542)	(27,405)	(28,369)		
Interest and other income				
(expense) - net (1) . . . . .			(4,647)	14,159
8,476	6,014	15,056		
-----				
Income before income taxes,				
extraordinary item and change				
in accounting principle . . . . .			6,069	20,266
23,250	10,986	17,219		
Income tax provision . . . . .			11,037	2,582
11,231	7,920	14,669		
-----				
Income (loss) before extraordinary item				
and change in accounting principle . . .			(4,968)	17,684
12,019	3,066	2,550		
Extraordinary item - net . . . . .			263	1,186
(8,830)	-	-		
Cumulative effect on prior years of				
change in accounting for income taxes . .			-	-
1,130	-	-		
-----				
Net income (loss) . . . . .			\$ (4,705)	\$ 18,870
13,149	\$ (5,764)	\$ 2,550		\$
=====				
Dividends:				
Preferred stock . . . . .			\$ 855	\$ 214
\$ -	\$ -			\$ -
Common stock . . . . .			2,175	2,850
13,136	7,508	4,466		

(1) Includes (a) security losses of \$15,490,000 (which amount relates principally to the Company's investment in Enstar) in the year ended December 31, 1990, (b) gains of \$10,000,000 and \$18,100,000 in the years ended December 31, 1991 and 1994, respectively, representing the excess of insurance proceeds over the carrying value of certain HCL property destroyed in a fire, (c) security gains (losses) of \$2,865,000, \$2,261,000 and (\$1,178,000) in the years ended December 31, 1992, 1993 and 1994, respectively, and (d) foreign currency gains (losses) of \$4,000,000, \$850,000 and (\$3,800,000) in the years ended December 31, 1992, 1993, and 1994, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note K of Notes to Consolidated Financial Statements.

	1993	1994	1990	1991	1992
					(in
thousands)					
<S>			<C>	<C>	<C>
<C>					
Financial Position:					
Cash and cash equivalents . . . . .			\$ 54,999	\$ 39,276	\$
54,745 \$ 25,742 \$ 15,571					
working capital . . . . .			122,387	130,072	
107,850 103,776 66,294					
Total assets . . . . .			373,083	381,841	
341,055 365,865 550,954					
Short-term debt, including current					
maturities of long-term debt . . . . .			29,383	50,105	
42,666 47,282 157,986(a)					
Long-term debt, excluding current					
maturities and subordinated debt . . . . .			125,745	84,132	
71,318 61,328 102,059					
Senior subordinated debt - net . . . . .			120,309	110,716	
103,689 140,133 140,385					
Junior subordinated debt - net . . . . .			7,213	14,735	
15,089 15,495 7,981					
Stockholder's equity . . . . .			15,824	28,772	
28,882 15,794 20,550					
</TABLE>					

(a) Collateralized, in part, by \$100,000,000 of certificates of deposit, which are included in "other current assets" in the accompanying December 31, 1994 Consolidated Balance Sheet.

#### ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

##### RESULTS OF OPERATIONS

The following table sets forth as a percentage of revenues and the percentage change of those items as compared to the prior period, certain items appearing in the Consolidated Financial Statements.

<TABLE>  
<CAPTION>

YEAR-TO-YEAR CHANGES		PERCENTAGE OF REVENUES		
1993	1994	YEAR ENDED DECEMBER 31,		
VS.	VS.	1992	1993	1994
1992	1993	----	----	----
----	----	<C>	<C>	<C>
<S>				
<C>	<C>			

0000950123-95-000835			
Revenues	100.0%	100.0%	100.0%
(5.5)% 2.4%	-----	-----	-----
Cost and expenses:			
Cost of goods sold	77.2	78.3	79.5
(4.2) 4.0			
General and administrative	10.5	11.8	11.3
5.8 (1.6)	-----	-----	-----
Operating income	12.3	9.9	9.2
(23.5) (5.7)			
Interest expense	(8.0)	(8.4)	(8.5)
(.5) 3.5			
Interest and other income - net	2.4	1.9	4.5
(29.1) 150.4	-----	-----	-----
Income before income taxes, extraordinary item and change in accounting principle	6.7	3.4	5.2
(52.8) 56.7			
Income tax provision	3.2	2.5	4.4
(29.4) 85.2	-----	-----	-----
Income before extraordinary item and change in accounting principle	3.5	.9	.8
(74.5) (16.8)			
Extraordinary item - net	-	(2.7)	-
(100.0) 100.0			
Cumulative effect on prior years of change in accounting for income taxes	.3	-	-
(100.0) -	-----	-----	-----
Net income (loss)	3.8%	(1.8)%	.8%
(143.8)% 144.2%	=====	=====	=====

</TABLE>

#### 1994 Compared with 1993

Revenues increased by 2.4% to \$334,107,000 in 1994 from \$326,315,000 in 1993, an increase of \$7,792,000, resulting from (i) increased sales of specialty plant nutrients and industrial chemicals (\$7,300,000), primarily relating to potassium nitrate, which includes the unfavorable effect (\$9,900,000) of certain weakened European currencies in relation to the U.S. dollar (including those covered by forward exchange contracts) in 1994 as compared to the prior year, and (ii) increased sales of organic chemicals (\$200,000) and potash (\$300,000).

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Cost of goods sold as a percentage of revenues increased to 79.5% in 1994 compared with 78.3% in 1993, primarily due to the adverse effects of (i) the above-mentioned weakened European currencies, (ii) cancellation of the program of exchange rate insurance by the Israeli Government in August 1993 (which contributed \$1,600,000 in revenues in 1993) and (iii) lower margins realized in

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the potash business, with these items being partially offset by certain cost reductions and the receipt of a \$1,800,000 refund from a utility supplier. Gross profit was \$68,312,000 in 1994 compared with \$70,752,000 in 1993, a decrease of \$2,440,000, with such decrease primarily being the net result of the increase in revenues as well as the net effect of the items described in the previous sentence. General and administrative expense decreased slightly to \$37,780,000 in 1994 from \$38,375,000 in 1993 (11.3% and 11.8% of revenues in 1994 and 1993, respectively).

As a result of the matters described above, the Company's operating income decreased by \$1,845,000 to \$30,532,000 in 1994 as compared with \$32,377,000 in 1993.

Interest expense increased by \$964,000 (\$28,369,000 in 1994 compared with \$27,405,000 in 1993), primarily as a result of (i) higher interest rates in 1994 and (ii) the June 30, 1994 Loan Agreement described below (see Note G of Notes to Consolidated Financial Statements). Interest and other income - net increased in 1994 by \$9,042,000, principally as the result of a gain relating to the February, 1994 fire at HCL (\$18,100,000), partially offset by several factors during the 1994 period including (i) lower investment income and security gains (\$4,300,000) and (ii) a provision for loss on certain foreign currency transactions (\$3,800,000) - see Notes D and K of Notes to Consolidated Financial Statements.

As a result of the above factors, income before income taxes and extraordinary item increased by \$6,233,000 in 1994. The Company's provisions for income taxes are impacted by the mix between domestic and foreign earnings and vary from the U.S. Federal statutory rate principally due to the impact of foreign operations and certain losses for which there is no current tax benefit. See Note J of Notes to Consolidated Financial Statements for information regarding effective tax rates.

In the 1993 period the Company acquired \$65,497,000 principal amount of its 13 1/2% Senior Subordinated Debentures and \$21,500,000 principal amount of its Senior Subordinated Reset Notes, which resulted in a loss of \$8,830,000. Such loss (which has no current tax benefit) is classified as an extraordinary item in the accompanying Consolidated Statements of Operations. No such debt was acquired in the 1994 period. See Note G of Notes to Consolidated Financial Statements.

#### 1993 Compared with 1992

Revenues decreased by 5.5% to \$326,315,000 in 1993 from \$345,356,000 in 1992, a decrease of \$19,041,000, resulting from decreased sales of potash (\$10,700,000), specialty plant nutrients and industrial chemicals (\$1,500,000) and organic chemicals (primarily contract manufacturing activities) (\$6,800,000).

Cost of goods sold as a percentage of revenues increased to 78.3% in 1993 compared with 77.2% in 1992 primarily due to higher costs associated with contract manufacturing activities in the Company's organic chemicals business and lower potash prices. During the 1993 period margins on specialty plant nutrients, industrial chemicals and the organic chemicals' pesticide business increased, but were offset by reduced margins in contract manufacturing activities and in the potash business. Gross profit was \$70,752,000 in 1993 compared with \$78,586,000 in 1992, a decrease of \$7,834,000, principally the result of a decrease in potash gross profit. General and administrative expense increased to \$38,375,000 in 1993 from \$36,270,000 in 1992 (11.8% and 10.5% of revenues in 1993 and 1992, respectively), with the increase of \$2,105,000 principally due to increased selling and marketing expenses for specialty plant nutrients and organic chemicals.

As a result of the matters described above, the Company's operating

income decreased by \$9,939,000 to \$32,377,000 in 1993 as compared with \$42,316,000 in 1992.

Interest expense decreased by \$137,000 (\$27,405,000 in 1993 compared with \$27,542,000 in 1992). While the Company's outstanding debt at December 31, 1993 exceeded the outstanding debt at December

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31, 1992 primarily as a result of the Company's issuance of its 11 7/8% Senior Subordinated Notes due 2002 (see Note G of Notes to Consolidated Financial Statements), interest expense declined as a result of scheduled debt repayments and lower interest rates in the 1993 period. Interest and other income - net decreased in 1993 by \$2,462,000, principally as the result of reduced interest and dividend income and security gains in 1993 and other non-recurring income earned in 1992 (see Notes D and K of Notes to Consolidated Financial Statements).

As a result of the above factors, income before income taxes, extraordinary item and change in accounting principle decreased by \$12,264,000 in 1993. The Company's provisions for income taxes are impacted by the mix between domestic and foreign earnings and vary from the U.S. Federal statutory rate principally due to the impact of foreign operations and certain losses for which there is no current tax benefit. See Note J of Notes to Consolidated Financial Statements for information regarding effective tax rates.

In the 1993 period the Company acquired \$65,497,000 principal amount of its 13 1/2% Senior Subordinated Debentures and \$21,500,000 principal amount of its Senior Subordinated Reset Notes, which resulted in a loss of \$8,830,000. Such loss (which has no current tax benefit) is classified as an extraordinary item in the accompanying Consolidated Statement of Operations. No debt was acquired in the 1992 period. See Note G of Notes to Consolidated Financial Statements.

#### CAPITAL RESOURCES AND LIQUIDITY

The Company's consolidated working capital at December 31, 1994 and 1993 was \$66,294,000 and \$103,776,000, respectively.

Operations for the years ended December 31, 1994 and 1993, after adding back non-cash items, provided cash of approximately \$26,900,000 and \$17,000,000, respectively. During such periods other changes in working capital provided (used) cash of approximately \$13,000,000 and (\$10,200,000), respectively, resulting in net cash being provided from operating activities and working capital management of approximately \$39,900,000 and \$6,800,000, respectively.

Investment activities during the years ended December 31, 1994 and 1993 used cash of approximately \$201,000,000 and \$53,400,000, respectively, including additions to property in 1994 and 1993 of approximately \$93,300,000 and \$29,100,000, respectively, and net purchases of marketable securities and short-term investments of approximately \$134,800,000 and \$34,100,000, respectively. The 1994 property additions principally relate to (i) the construction of the K3 plant, (ii) the replacement of the production unit damaged in the fire in February, 1994 and (iii) the construction of a new potassium carbonate manufacturing facility (see "Capital Expenditures" below). Purchases of marketable securities and short-term investments in 1994 include \$100,000,000 of certificates of deposit ("CD's") relating to the Loan Agreement described below, which CD's were pledged to a bank.

Financing activities during the years ended December 31, 1994 and 1993 provided cash of approximately \$150,900,000 and \$17,600,000 respectively. During 1994 the Company entered into the Loan Agreement described below which resulted in new bank loans aggregating \$140,000,000 and the repayment of bank loans of approximately \$19,000,000. During 1993 the Company issued \$115,000,000 principal amount of 11 7/8% Senior Subordinated Notes, due 2002, and acquired approximately \$65,500,000 principal amount of its 13 1/2% Senior Subordinated Debentures and \$21,500,000 principal amount of its Senior Subordinated Reset Notes. During 1994, the Company dividended certain short-term investments to its parent. The carrying value of these investments on the dividend date (\$4,241,000) approximated market value.

On June 30, 1994, the Company entered into the Loan Agreement with a bank and borrowed \$40,000,000 (repayable quarterly over a four year period) and utilized a portion of the proceeds to prepay approximately \$19,000,000 then owed to such bank. Pursuant to the Loan Agreement, the Company also borrowed an additional \$100,000,000, repayable in January, 1996. Under certain specified circumstances prior to such date, the Company could have converted such loan into a term loan maturing five years from the date of conversion. The Company pledged CD's with a principal amount of \$100,000,000 as collateral for such

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loan (such CD's are included in "other current assets" in the accompanying Consolidated Balance Sheet). In addition, the Company has pledged 79% of the capital stock of HCL to secure its obligations under the Loan Agreement. On January 5, 1995, the Company liquidated the pledged CD's and prepaid the \$100,000,000 loan. See Notes B, E and G of Notes to Consolidated Financial Statements.

As of December 31, 1994, the Company had outstanding long-term debt (excluding current maturities) of \$250,425,000. The Company's primary source of liquidity is cash flow generated from operations and the revolving loan commitments described in Note E of Notes to Consolidated Financial Statements.

Approximately 90% of HCL's sales are made outside of Israel in various currencies, of which approximately 34% are in U.S. dollars, with the remainder principally in Western European currencies. In order to mitigate the impact of currency fluctuations against the U.S. dollar, the Company has a policy of hedging a significant portion of its foreign sales denominated in Western European currencies by entering into forward exchange contracts. A portion of these contracts qualify as hedges pursuant to Statement of Financial Accounting Standards No. 52 and accordingly, unrealized gains and losses arising therefrom are deferred and accounted for in the subsequent year as part of sales. Unrealized gains and losses for the remainder of the forward exchange contracts are recognized in income currently.

The principal purpose of the Company's hedging program (which is for other than trading purposes) is to mitigate the impact of fluctuations against the U.S. dollar, as well as to protect against significant adverse changes in exchange rates. Accordingly, the gains and losses recognized relating to the hedging program in any particular period and the impact on revenues had the Company not had such a program are not necessarily indicative of its effectiveness.

#### CAPITAL EXPENDITURES

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During 1994 (excluding the K3 Plant described below and the reconstruction of the production unit damaged by fire in February 1994) the Company invested approximately \$30,000,000 in capital expenditures. During 1993 the Company commenced construction of the K3 Plant, a new facility in Israel, with initial capacity to produce approximately 100,000 metric tons of potassium nitrate annually. The Company substantially completed the construction of the K3 Plant in the fourth quarter of 1994 - see Note D of Notes to Consolidated Financial Statements. In addition, in 1994 the Company invested approximately \$20,000,000 in connection with the replacement of the damaged production unit.

The Company currently anticipates that capital expenditures for the year ending December 31, 1995 (excluding the K3 Plant and the reconstruction of the damaged production unit) will aggregate approximately \$19,000,000. The Company's capital expenditures will be used primarily for increasing certain production capacity and efficiency, product diversification, and for ecological matters. The Company expects to be able to finance its capital expenditures from internally generated funds, borrowings from traditional lending sources and, where applicable, Israeli Government grants and entitlements and, with respect to the damaged production unit, insurance proceeds.

#### EXCHANGE RATE INSURANCE

In 1981, HCL joined a program of exchange rate insurance of the Israeli Government designed to protect participating Israeli exporters from losses resulting from the widening of the gap between the inflation rate in Israel and the rate of devaluation of the New Israeli Shekel ("NIS") against a weighted basket of currencies of Israel's major trading partners. The net benefits received by HCL for the years ended December 31, 1992 and 1993 were \$4,056,000 and \$1,616,000, respectively, which benefits have been included in revenues. As part of various economic measures adopted in Israel subsequent to December 31, 1988, the Israeli Government has gradually reduced the insurance proceeds granted under its program of exchange rate insurance, with the program having been fully eliminated on August 31, 1993. See Note A of Notes to Consolidated Financial Statements.

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INFLATION

Inasmuch as only approximately \$40,000,000 of HCL's annual operating costs are denominated in NIS, HCL is exposed to inflation in Israel to a limited extent. The combination of price increases coupled with devaluation of the NIS have in the past generally enabled HCL to avoid a material adverse impact from inflation in Israel. However, HCL's earnings could increase or decrease to the extent that the rate of future NIS devaluation differs from the rate of Israeli inflation. For the years ended December 31, 1993 and 1994, the inflation rate of the NIS as compared to the U.S. Dollar exceeded the devaluation rate in Israel by 3.2% and 13.4%, respectively.

#### ENVIRONMENTAL MATTERS

See Item 1 - "Business - Environmental Matters" above and Note N of Notes to Consolidated Financial Statements for information regarding environmental matters relating to the Company's various facilities.

#### ITEM 8. Financial Statements and Supplementary Data.

See Index to Consolidated Financial Statements and Schedules on page F-1.



## ITEM 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

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## PART III

## ITEM 10. Directors and Executive Officers of the Registrant.

The directors and executive officers of the Company are as follows:

<TABLE>  
<CAPTION>

NAME ----	AGE ---	POSITION -----
<S> Arie Genger . . . . . Executive Officer	<C> 49	<C> Chairman of the Board and Chief
Thomas G. Hardy . . . . . Director	49	President and Chief Operating Officer;
Martin A. Coleman . . . . .	64	Director
Sash A. Spencer . . . . .	63	Director
Lester W. Youner . . . . . Financial Officer	49	Vice President, Treasurer and Chief
Bernard J. Blaney . . . . .	70	Vice President

## FINANCIAL ADVISORY COMMITTEE

-----  
Lawrence M. Small

Thomas G. Hardy

Sash A. Spencer

</TABLE>

The By-laws of the Company provide for at least one director. Directors hold office until the next annual meeting of stockholders or until their successors are elected and qualified. There are no arrangements or understandings between any director or executive officer of the Company and any other person pursuant to which such person was elected as a director or executive officer. The executive officers serve at the discretion of the Board of Directors.

There are no family relationships among any directors or executive officers of the Company.

The following are descriptions of the directors and executive officers of the Company and the members of the Financial Advisory Committee. The Financial Advisory Committee advises the Board of Directors regarding financial

matters and, when the Committee deems appropriate, make recommendations to the Board of Directors.

Arie Genger has been a director and Chairman of the Board of Directors and Chief Executive Officer of the Company since 1986, the sole member of the Executive Committee since June 1988, and was President of the Company from 1986 to December 1993.

Thomas G. Hardy has been President and Chief Operating Officer of the Company since December 1993, was Executive Vice President of the Company from June 1987 to December 1993 and has been a director and member of the Financial Advisory Committee since October 1992. He has been a director of Laser Industries Limited (a manufacturer and distributor of surgical lasers and other medical technology in which the Company has an ownership interest) since January 1990.

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Martin A. Coleman has been a director since March 1993. Since January 1991 he has been a private investor. Prior to that he was a member of the law firm of Rubin Baum Levin Constant & Friedman, general counsel to the Company, for more than five years.

Sash A. Spencer has been a director since October 1992 and a member of the Financial Advisory Committee since March 1993. He has been a private investor and Chairman of Holding Capital Management Corp., a private investment firm, for more than five years. He has been a director of Empire Gas Corp., a corporation engaged in the propane gas business, since 1983.

Lester W. Youner has been Vice President, Treasurer and Chief Financial Officer of the Company since October 1987. From June 1979 until October 1987 he was a Partner of Deloitte & Touche, a public accounting firm.

Bernard J. Blaney has been a Vice President of the Company since January 1987.

Lawrence M. Small, 53, has been Chairman of the Financial Advisory Committee of the Board of Directors since October 1992. Mr. Small is President and Chief Operating Officer of Fannie Mae (Federal National Mortgage Association) headquartered in Washington, DC, which he joined in September 1991. Prior to that, he was Vice Chairman and Chairman of the Executive Committee of the Boards of Directors of Citicorp and Citibank, N.A., where he was employed for 27 years. He serves as a director of Fannie Mae and of the Chubb Corporation (an insurance company).

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## ITEM 11. Executive Compensation

The following table sets forth the aggregate compensation paid or accrued by the Company for the past three fiscal years to its Chief Executive Officer and to other executive officers whose annual compensation exceeded \$100,000 for the fiscal year ended December 31, 1994:

## SUMMARY COMPENSATION TABLE

<TABLE>  
<CAPTION>

All Other		Annual Compensation (1)		
Name and Principal Position sation (3)	Compen-	Year	Salary (2)	Bonus
<S>		<C>	<C>	<C>
Arie Genger . . . . .		1994	\$750,000	\$ -
\$ 509,000				
Chairman of the Board		1993	750,000	
92,000 519,000				
and Chief Executive Officer		1992	750,000	
143,000 437,000				
Thomas G. Hardy . . . . .		1994	400,000	-
1,406,000				
President and Chief Operating Officer		1993	350,000	
50,000 8,000				
and Director		1992	350,000	
100,000 11,000				
Lester W. Youner . . . . .		1994	241,000	
55,000 6,000				
Vice President, Treasurer and		1993	226,000	
70,000 8,000				
Chief Financial Officer		1992	206,000	
70,000 11,000				
Martin A. Eichen (4) . . . . .		1994	149,000	
11,000 6,000				
Vice President		1993	149,000	
15,000 7,000				
		1992	149,000	
15,000 9,000				
Kenneth H. Traub (4) . . . . .		1994	120,000	
19,000 4,000				
Vice President		1993	105,000	
25,000 4,000				
		1992	95,000	
30,000 6,000				

- (1) During the period covered by the table, the Company did not make any restricted stock awards and did not have in effect any stock option or stock appreciation rights plan. See "Compensation Agreements" for Mr. Hardy's bonus arrangement.
- (2) Amounts shown for 1993 do not include in the case of Messrs. Genger, Hardy and Youner \$500,000, \$275,000 and \$20,000, respectively, of 1994 salary which was prepaid in 1993. Amounts shown for 1994 include such prepayments.
- (3) For 1994, consists of: (i) in the case of Mr. Genger, \$250,000 for an annual premium on ordinary life insurance, \$250,000 for related income tax

gross-up, \$4,000 for the Company's matching contribution to a profit sharing thrift plan, and \$5,000 for the premium on term life insurance; (ii) in the case of Messrs. Hardy, Youner, Eichen and Traub \$4,000 each for the Company's matching contribution to a profit sharing thrift plan; and (iii) \$2,000 each for Messrs. Hardy, Youner and Eichen for the premium on term life insurance. In the case of Mr. Hardy, also includes \$1,400,000 deposited in trust for Mr. Hardy. See "Compensation Agreements".

For 1993, consists of: (i) in the case of Mr. Genger, \$250,000 for an annual premium on ordinary life insurance, \$258,000 for related income tax gross-up, \$6,000 for the Company's matching contribution to a profit sharing thrift plan, and \$5,000 for the premium on term life insurance; (ii) in the case of Messrs. Hardy, Youner, Eichen and Traub \$6,000, \$6,000, \$5,000 and \$4,000, respectively, for the Company's matching contribution to a profit sharing thrift plan; and (iii) \$2,000 each for Messrs. Hardy, Youner and Eichen for the premium on term life insurance.

For 1992, consists of: (i) in the case of Mr. Genger, \$241,000 for an annual premium on ordinary life insurance, \$183,000 for related income tax gross-up, \$9,000 for the Company's matching contribution to a profit sharing thrift plan, and \$4,000 for the premium on term life insurance; (ii) in the case of Messrs.

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Hardy, Youner, Eichen and Traub \$9,000, \$9,000, \$7,000 and \$6,000, respectively, for the Company's matching contribution to a profit sharing thrift plan; and (iii) \$2,000 each for Messrs. Hardy, Youner and Eichen for the premium on term life insurance.

(4) Resigned effective December 31, 1994.

#### COMPENSATION AGREEMENTS

Pursuant to an Agreement entered into in March 1994 (the "New Agreement"), the Company and Mr. Hardy modified and superseded a bonus arrangement entered into on January 15, 1988, as amended (the "Old Agreement"), under which no payments had been made. The Old Agreement provided for a payment upon termination of Mr. Hardy's employment in an amount equal to 2% of the Company's average annual after-tax consolidated net income (as defined) for the three years ending on December 31st of the year immediately prior to the termination of Mr. Hardy's employment, multiplied by either the multiple of the market price to such net income of the Company's common stock if publicly traded or, if privately held at the time of such termination, by a multiple of 11. Pursuant to the New Agreement, the Company is required to irrevocably deposit in trust for the benefit of Mr. Hardy an aggregate of \$2,800,000, of which \$1,400,000 was deposited upon execution of the New Agreement, with the remaining \$1,400,000 to be deposited in 1996 (or under certain circumstances, including a change in control of the Company, earlier). The deposited funds are held under a Trust Agreement (the "Trust Agreement"), which provides that the assets held thereunder are subject to the claims of the Company's general creditors in the event of insolvency of the Company. The Trust Agreement provides that the assets are payable in a lump sum to Mr. Hardy or his beneficiaries upon the earlier of December 1, 2001 or the termination of his employment with the Company.

During July 1994, the Company entered into an employment agreement with Mr. Hardy, effective as of June 1, 1993, having a primary term of seven years,

renewable for 10 additional years unless either party gives at least 12 months' prior written notice of termination. The agreement provides for an annual salary of \$400,000, subject to negotiated annual increases commencing in the year 2000. With certain restrictions, Mr. Hardy will be entitled to receive a bonus (the "Bonus") based on a percentage of the fair market value (the "Value") of the Company's equity at December 31st of the year Mr. Hardy's employment terminates, he turns 65 or certain acceleration events, including a change of control of the Company, occur. If the Company and Mr. Hardy cannot agree on the Value, each may propose an amount. If only one makes a proposal, that would constitute the Value. If each makes a proposal, an investment banker would choose between them. The Bonus, generally payable in installments, would be equal to the excess over \$2,800,000 (the aggregate amount Mr. Hardy is to receive under the New Agreement) of specified percentages of different ranges of Value. Mr. Hardy is not entitled to the Bonus if he voluntarily terminates his employment during the primary term (other than by death or disability) or if Mr. Hardy's employment is terminated for cause (as defined).

During August, 1994, the Company entered into a salary continuation agreement with Lester W. Youner which obligates the Company to pay Mr. Youner a retirement allowance ("Allowance") of \$100,000 per year for life commencing at age 65. In the event of Mr. Youner's death after the commencement of the payment of the Allowance, Mr. Youner's designated beneficiary is to receive the Allowance until 10 annual payments shall have been made to Mr. Youner and his beneficiary. Mr. Youner will be 25% vested in the Allowance on December 31, 1996 and shall continue to vest at the rate of 5% per year thereafter provided that he remains in the employ of the Company. Notwithstanding the foregoing, the Allowance will become 100% vested on the earlier of Mr. Youner's 65th birthday or the occurrence of an acceleration event, including a change of control of the Company. Mr. Youner forfeits the Allowance if his employment is terminated for cause (as defined) or, if within two years after the voluntary termination of his employment, Mr. Youner engages directly or indirectly in any activity competitive with the Company or any of its subsidiaries. The agreement further provides that in the event of Mr. Youner's death prior to his 65th birthday while in the active employ of the Company, his designated beneficiary is to receive an annual death benefit of \$100,000 for 10 years. Mr. Youner's death benefit is currently 50% vested and will become 100% vested on the earlier of December 31, 1996 or the occurrence of an acceleration event.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Board of Directors does not have a Compensation Committee. Executive officer compensation matters were determined by the Board of Directors, whose four members currently include Mr. Genger, Chairman of the Board and Chief Executive Officer of the Company, and Mr. Hardy, President and Chief Operating Officer of the Company. No company director has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity.

#### COMPENSATION OF DIRECTORS

Officers of the Company who serve as directors do not receive any compensation for serving as directors. Martin A. Coleman and Sash A. Spencer each receive \$15,000 annually for serving as directors.

#### ITEM 12. Security Ownership of Certain Beneficial Owners and Management.

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The following table sets forth certain information as of March 27, 1995, as to the beneficial ownership of the Common Stock of the Company, which is the only outstanding class of voting security of the Company:

<TABLE>  
<CAPTION>

PERCENT	NAME AND ADDRESS	SHARES BENEFICIALLY OWNED
OF CLASS		
-----	-----	-----
<C>	<S>	<C>
	Common Stock, \$.01 par value (1):	
	TPR (2)	
	9 West 57th Street	
100%	New York, NY 10019 . . . . .	3,000
	All executive officers and directors as a group	
100%	(six persons)(2) . . . . .	3,000

- (1) All of the shares of the Common Stock of the Company are pledged to secure an outstanding TPR note of \$7,000,000 issued to a former indirect stockholder and director of the Company.
- (2) Mr. Genger and members of his family own all of the capital stock of TPR.

ITEM 13. Certain Relationships and Related Transactions.

The Company is, for Federal income tax purposes, a member of a consolidated tax group of which TPR is the common parent. The Company, TPR, Eddy, Cedar and certain other subsidiaries are parties to a tax sharing agreement, dated as of December 30, 1991, under which, among other things, the Company and such other parties have each agreed to pay TPR amounts equal to the amounts of Federal income taxes that each such party would be required to pay if it filed a Federal income tax return on a separate return basis (or in the case of Cedar, a consolidated Federal income tax return for itself and its eligible subsidiaries), computed without regard to net operating loss carrybacks and carryforwards. However, TPR may, at its discretion, allow tax benefits for such losses. See Note A of Notes to Consolidated Financial Statements.

See Notes G and L of Notes to Consolidated Financial Statements for a description of a transaction pursuant to which TPR acquired the Company's \$9,000,000, 9 1/2% junior subordinated debentures due 2005 (the "9.5% Debentures") and became the obligor on an outstanding 8 3/4%, \$4,000,000 note due 2005 payable to the Company. Upon TPR's acquisition of the 9.5% Debentures, TPR exchanged the 9.5% Debentures for a new preferred stock of the Company described in said Note L.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) (1)-(2) See Index to Consolidated Financial Statements and Schedules on Page F-1.

(3) See Index to Exhibits on Page E-1.

Management contracts or compensatory plans and arrangements required to be filed as exhibits are as follows:

- (i) Agreement between the Company and Thomas G. Hardy, dated March 22, 1994, concerning incentive bonus compensation, including, as Exhibit A thereto, the related Trust Agreement.
- (ii) Split Dollar Insurance Agreement, entered into as of August 26, 1988, between the Company and Arie Genger.
- (iii) Employment agreement between the Company and Thomas G. Hardy, dated as of June 1, 1993.
- (iv) Salary Continuation Agreement between the Company and Lester W. Youner, dated as of August 24, 1994.

(b) No reports on Form 8-K were filed during the last quarter of the year ended December 31, 1994.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED.

Trans-Resources, Inc.  
(Registrant)

By Lester W. Youner  
-----  
Lester W. Youner  
Vice President, Treasurer  
and Chief Financial Officer

Dated: March 27, 1995

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATE INDICATED:

&lt;TABLE&gt;

&lt;S&gt;

PRINCIPAL EXECUTIVE OFFICER:

ARIE GINGER  
Chairman of the Board and Chief Executive Officer

PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER:

LESTER W. YOUNER  
Vice President, Treasurer and Chief Financial Officer

&lt;C&gt;

&lt;C&gt;

By Lester W. Youner  
Lester W. Youner  
For Himself and As

Attorney-In-Fact

Directors:

Arie Genger  
1995  
Thomas G. Hardy  
Martin A. Coleman  
Sash A. Spencer

Dated: March 27,

&lt;/TABLE&gt;

POWERS OF ATTORNEY AUTHORIZING LESTER W. YOUNER TO SIGN THIS REPORT AND ANY AMENDMENTS HERETO ON BEHALF OF THE PRINCIPAL EXECUTIVE OFFICER AND THE DIRECTORS ARE BEING FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WITH THIS REPORT.

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT:

No annual report or proxy materials have been sent to the Company's security holders. This Annual Report on Form 10-K will be furnished to the holders of the Company's 11 7/8% Notes and Reset Notes.

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## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

&lt;TABLE&gt;

&lt;CAPTION&gt;

FINANCIAL STATEMENTS

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&lt;S&gt;

&lt;C&gt;

Independent Auditors' Report . . . . .

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Report of Independent Accountants . . . . .



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Consolidated Balance Sheets, December 31, 1993 and 1994	F-3
Consolidated Statements of Operations, for the Years Ended December 31, 1992, 1993 and 1994	F-4
Consolidated Statements of Stockholder's Equity, for the Years Ended December 31, 1992, 1993 and 1994	F-5
Consolidated Statements of Cash Flows, for the Years Ended December 31, 1992, 1993 and 1994	F-6
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SCHEDULE  
-----

Schedule I - Condensed Financial Information of Registrant,  
for the Years Ended December 31, 1992, 1993 and 1994 . . . . .  
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</TABLE>

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[DELOITTE & TOUCHE LLP LETTERHEAD]

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of Trans-Resources, Inc.  
New York, New York

We have audited the accompanying consolidated financial statements and financial statement schedule of Trans-Resources, Inc. (a wholly-owned subsidiary of TPR Investment Associates, Inc.) and Subsidiaries listed in the foregoing Index. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We did not audit the consolidated financial statements of Cedar Chemical Corporation, a wholly-owned subsidiary, which statements reflect total assets constituting 21 percent and 26 percent of consolidated total assets as of December 31, 1994 and 1993, respectively, and total revenues constituting 38 percent, 35 percent and 35 percent of consolidated total revenues for the years ended December 31, 1994, 1993 and 1992, respectively. Such financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cedar Chemical Corporation, is based solely on the report of such other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial

statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Trans-Resources, Inc. and Subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles. Also, in our opinion, based on our audits and the report of other auditors, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note A to the Consolidated Financial Statements, the Company changed its method of accounting for income taxes during the year ended December 31, 1992.

Deloitte & Touche LLP

March 24, 1995

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#### Report of Independent Accountants

To the Board of Directors and Shareholder  
of Cedar Chemical Corporation:

In our opinion, the consolidated balance sheets and the related consolidated statements of income and retained earnings and of cash flows (not presented separately herein) present fairly, in all material respects, the financial position of Cedar Chemical Corporation (a wholly-owned subsidiary of Trans-Resources, Inc.) and its subsidiaries ("Cedar") at December 31, 1993 and 1994, and the results of their operations and their cash flows for the years ended December 31, 1992, 1993 and 1994, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Cedar's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP

Memphis, Tennessee  
February 16, 1995

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TRANS-RESOURCES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

<TABLE>  
<CAPTION>

DECEMBER 31,

-----  
1993                      1994  
-----

(IN THOUSANDS)

&lt;S&gt;

&lt;C&gt;

&lt;C&gt;

## ASSETS

## CURRENT ASSETS:

Cash and cash equivalents	.....	.....
\$ 25,742	\$ 15,571	
Accounts receivable	.....	.....
55,681	66,106	
Inventories	.....	.....
60,929	51,313	
Other current assets	.....	.....
56,172	168,200	
Prepaid expenses	.....	.....
17,485	18,852	

-----	-----	
216,009	Total Current Assets	.....
	320,042	

PROPERTY, PLANT AND EQUIPMENT - net	.....	.....
131,001	202,085	

OTHER ASSETS	.....	.....
18,855	28,827	

-----	-----	
\$365,865	Total	.....
	\$550,954	

=====

=====

EQUITY

LIABILITIES AND STOCKHOLDER'S

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CURRENT LIABILITIES:

Current maturities of long-term debt	124,465
\$ 24,801	
Short-term debt	33,521
22,481	
Accounts payable	57,077
34,924	
Accrued expenses and other current liabilities	38,685
30,027	

Total Current Liabilities	253,748
112,233	

LONG-TERM DEBT - net:

Senior indebtedness, notes payable and other obligations	102,059
61,328	
Senior subordinated debt - net	140,385
140,133	
Junior subordinated debt - net	7,981
15,495	

Long-Term Debt - net	250,425
216,956	

OTHER LIABILITIES	26,231
20,882	

STOCKHOLDER'S EQUITY:

Preferred stock, \$1.00 par value, 100,000 shares authorized, issued and outstanding	7,960
-	
Common stock, \$.01 par value, 3,000 shares authorized, issued and outstanding	
-	
Additional paid-in capital	505
500	
Retained earnings	13,432
15,348	
Cumulative translation adjustment	(360)
(54)	
Unrealized gains (losses) on marketable securities	(987)
-	

Total Stockholder's Equity	20,550
15,794	

Total	\$550,954
\$365,865	

=====  
</TABLE>

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TRANS-RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 1992, 1993 and 1994

<TABLE>  
<CAPTION>

1993	1994	1992
----	----	----
(IN THOUSANDS)		
<S>		<C>
<C>	<C>	
REVENUES . . . . .		\$345,356
\$326,315	\$334,107	
OPERATING COSTS AND EXPENSES:		
Cost of goods sold . . . . .		266,770
255,563	265,795	
General and administrative . . . . .		36,270
38,375	37,780	
-----	-----	-----
OPERATING INCOME . . . . .		42,316
32,377	30,532	
Interest expense . . . . .		(27,542)
(27,405)	(28,369)	
Interest and other income - net . . . . .		8,476
6,014	15,056	
-----	-----	-----
INCOME BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE . . . . .		23,250
10,986	17,219	
INCOME TAX PROVISION . . . . .		11,231
7,920	14,669	
-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE . . . . .		12,019
3,066	2,550	
EXTRAORDINARY ITEM - Loss on repurchase of debt (no income tax benefit) . . . . .		-
(8,830)	-	

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CUMULATIVE EFFECT ON PRIOR YEARS OF  
CHANGE IN ACCOUNTING FOR INCOME TAXES . . . . . 1,130

NET INCOME (LOSS) . . . . . \$ 13,149  
\$ (5,764) \$ 2,550

</TABLE>

See notes to consolidated financial statements.

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TRANS-RESOURCES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY  
For the Years Ended December 31, 1992, 1993 and 1994

<TABLE>  
<CAPTION>

UNREALIZED						ADDITIONAL
	CUMULATIVE	GAINS		PREFERRED	COMMON	PAID-IN
RETAINED	TRANSLATION	(LOSSES) ON		STOCK	STOCK	CAPITAL
EARNINGS	ADJUSTMENT	SECURITIES	TOTAL			
-----	-----	-----	-----	-----	-----	-----
						(IN
THOUSANDS)						
<S>				<C>	<C>	<C>
<C>	<C>	<C>	<C>			
BALANCE, JANUARY 1, 1992				\$ -	\$ -	\$500
\$ 28,607	\$(335)	\$ -	\$ 28,772			
Net income						
13,149			13,149			
Dividends - common stock						
(13,136)			(13,136)			
Net change during year						
97			97			
-----	-----	-----	-----	-----	-----	-----
BALANCE, DECEMBER 31, 1992				-	-	500
28,620	(238)	-	28,882			
Net loss						
(5,764)			(5,764)			

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Dividends - common stock	(7,508)	(7,508)			
Net change during year	184	184			
BALANCE, DECEMBER 31, 1993	15,348	(54)	-	-	500
Net income	2,550	2,550			
Dividends - common stock, including non-cash dividend of \$4,241,000	(4,466)	(4,466)			
Issuance of preferred stock upon conversion of 9 1/2% junior subordinated debentures		7,960	7,960		
Net change during year	(306)	(987)			5
BALANCE, DECEMBER 31, 1994	\$ 13,432	\$(360)	\$(987)	\$ 7,960	\$ - \$505

See notes to consolidated financial statements.

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TRANS-RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1992, 1993 and 1994

<TABLE>  
<CAPTION>

1993	1994	1992
(IN THOUSANDS)		
<S>		<C>
<C>	<C>	
OPERATING ACTIVITIES AND WORKING CAPITAL MANAGEMENT:		
Operations:		
Net income (loss)		\$ 13,149
\$ (5,764)	\$ 2,550	
Items not requiring cash:		

	0000950123-95-000835	
24,490	Depreciation and amortization . . . . .	20,979
	20,859	
725	Increase in other liabilities . . . . .	265
	509	
(2,494)	Deferred taxes and other - net . . . . .	(1,694)
	2,986	
	-----	
	Total . . . . .	32,699
16,957	26,904	
	working capital management:	
(9,222)	Accounts receivable and other current assets . . .	45,416
	(26,105)	
(9,872)	Inventories . . . . .	(3,538)
	9,616	
(2,187)	Prepaid expenses . . . . .	155
	(1,367)	
9,842	Accounts payable . . . . .	(14,175)
	22,153	
1,323	Accrued expenses and other current liabilities . .	(1,297)
	8,658	
	-----	
	Cash provided by operations and	
6,841	working capital management . . . . .	59,260
	39,859	
	-----	
	INVESTMENT ACTIVITIES:	
(29,056)	Additions to property, plant and equipment . . . . .	(26,143)
	(93,314)	
15,825	Sales of marketable securities and	
	short-term investments . . . . .	15,391
	33,543	
(34,118)	Purchases of marketable securities and short-	
	term investments, including in 1994 purchase	
(6,087)	of CD's securing a bank loan (see Note G) . . . . .	(12,819)
	(134,790)	
	other - net . . . . .	2,405
	(6,403)	
	-----	
(53,436)	Cash used in investment activities . . . . .	(21,166)
	(200,964)	
	-----	
	FINANCING ACTIVITIES:	
124,660	Increase in long-term debt . . . . .	10,850
	183,330	
(109,286)	Repurchases, payments and current maturities of	
	long-term debt . . . . .	(18,314)
	(43,211)	
9,726	Increase (decrease) in short-term debt . . . . .	(2,025)
	11,040	
(7,508)	Dividends to stockholders . . . . .	(13,136)
	(225)	
	-----	
17,592	Cash provided by (used in) financing activities .	(22,625)
	150,934	
	-----	



INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		15,469
(29,003)	(10,171)	
CASH AND CASH EQUIVALENTS:		
Beginning of year		39,276
54,745	25,742	
End of year		\$ 54,745
\$ 25,742	\$ 15,571	

&lt;/TABLE&gt;

See notes to consolidated financial statements.

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## TRANS-RESOURCES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## A. SIGNIFICANT ACCOUNTING POLICIES

## Basis of Presentation

The consolidated financial statements of Trans-Resources, Inc. ("TRI" or the "Company"), include the Company and its subsidiaries, after elimination of intercompany accounts and transactions. The Company's principal subsidiaries are Cedar Chemical Corporation ("Cedar"), and Cedar's two wholly-owned subsidiaries - New Mexico Potash Corporation ("NMPC") and Vicksburg Chemical Company ("Vicksburg"); Eddy Potash, Inc. ("Eddy"); and Haifa Chemicals Ltd. ("HCL") and HCL's wholly-owned subsidiary, Haifa Chemicals South, Ltd. ("HCSL"). The Company is a wholly-owned subsidiary of TPR Investment Associates, Inc. ("TPR").

Substantially all of the companies' revenues, operating profits and identifiable assets are related to the chemical industry. The Company is a multinational manufacturer of specialty plant nutrients, organic chemicals, industrial chemicals and potash and distributes its products internationally.

## Operating Data

The Company's revenues by region for the years ended December 31, 1992, 1993 and 1994 are set forth below:

<TABLE>  
<CAPTION>

		1992
1993	1994	
----	----	----
(IN MILLIONS)		
<C>	<S>	<C>

0000950123-95-000835

	Western Hemisphere:	
	United States . . . . .	\$133
\$121	\$122	
	Other . . . . .	30
30	23	
	Europe . . . . .	124
119	117	
	Asia and Australia . . . . .	29
30	41	
	Israel . . . . .	18
17	18	
	Africa and other . . . . .	11
9	13	
	-----	
-----	Total . . . . .	\$345
\$326	\$334	
	=====	

</TABLE>

As of December 31, 1993 and 1994, the Company's assets were located in the United States (49% and 44%, respectively) and abroad (principally Israel) (51% and 56%, respectively). The Company has no single customer accounting for more than 10% of its revenues.

#### Contracts and Revenue Recognition

Under the terms of a long-term contract with the U.S. Government for the manufacture of an industrial chemical, revenues are recognized ratably for the duration of the contract and billings are rendered as product is shipped. Current deferred revenue of \$2,772,000 and \$2,541,000 at December 31, 1993 and 1994 and non-current deferred revenue of \$2,645,000 at December 31, 1993, represent billings in excess of revenues recognized under the contract. Such current and non-current amounts are classified within "accrued expenses and other current liabilities" and "other liabilities", respectively, in the accompanying Consolidated Balance Sheets.

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#### Functional Currency and Transaction Gains and Losses

Approximately 90% of HCL's sales are made outside of Israel in various currencies, of which approximately 34% are in U.S. dollars, with the remainder principally in Western European currencies. In order to mitigate the impact of currency fluctuations against the U.S. dollar, the Company has a policy of hedging a significant portion of its foreign sales denominated in Western European currencies by entering into forward exchange contracts. A portion of these contracts qualify as hedges pursuant to Statement of Financial Accounting Standards No. 52 and accordingly, unrealized gains and losses arising therefrom are deferred and accounted for in the subsequent year as part of sales. Unrealized gains and losses for the remainder of the forward exchange contracts are recognized in income currently. At December 31, 1993 and 1994, there were outstanding contracts to purchase \$167 million and \$117 million, respectively, in Deutsche Marks. In addition, at December 31, 1993 there were outstanding contracts to sell \$56 million in Deutsche Marks and to buy United States dollars. Gains (losses) of approximately \$2,400,000 and (\$2,300,000) were deferred at December 31, 1993 and 1994, respectively, for forward exchange contracts which qualify as hedges.

During the years ended December 31, 1992, 1993 and 1994, the Company recorded gains (losses) of approximately (\$7,000,000), \$6,100,000 and (\$11,200,000), respectively, relating to foreign currency transactions, which for 1992, 1993 and 1994 include gains (losses) of \$4,000,000, \$850,000 and (\$3,800,000), respectively, which are included in "interest and other income" relating to certain forward exchange contracts which do not qualify as hedges.

The principal purpose of the Company's hedging program (which is for other than trading purposes) is to mitigate the impact of fluctuations against the U.S. dollar, as well as to protect against significant adverse changes in exchange rates. Accordingly, the gains and losses recognized relating to the hedging program in any particular period and the impact on revenues had the Company not had such a program are not necessarily indicative of its effectiveness.

Raw materials purchased in Israel are mainly quoted at prices linked to the U.S. dollar. The U.S. dollar is the functional currency and accordingly the financial statements of HCL are prepared, and the books and records of HCL (except for a subsidiary described below) are maintained, in U.S. dollars.

The assets, liabilities and operations of one of HCL's foreign subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates. Assets and liabilities are translated at the exchange rate as of the balance sheet date. Revenues, expenses, gains and losses are translated at the weighted average exchange rate for the period. Translation adjustments, resulting from the process of translating such subsidiary's financial statements from its currency into U.S. dollars, are recorded directly as a separate component of stockholder's equity.

#### Exchange Rate Insurance

In 1981, HCL joined a program of exchange rate insurance of the Israeli Government designed to protect participating Israeli exporters from losses resulting from the widening of the gap between the inflation rate in Israel and the rate of devaluation of the New Israeli Shekel against a weighted basket of currencies of Israel's major trading partners. The net benefits received by HCL for the years ended December 31, 1992 and 1993 were \$4,056,000 and \$1,616,000, respectively, which benefits have been included in revenues. As part of various economic measures adopted in Israel subsequent to December 31, 1988, the Israeli Government has gradually reduced the insurance proceeds granted under its program of exchange rate insurance, with the program having been fully eliminated on August 31, 1993.

#### Inventories

Inventories are carried at the lower of cost or market. Cost is determined on the first-in, first-out method.

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#### Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is recorded under the straight-line method at generally the following annual rates:

<TABLE>

<S>

<C>

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Buildings . . . . .	5-8 %
Machinery, plant and equipment . . . . .	7-25%
Office furniture and equipment . . . . .	6-20%

</TABLE>

Expenditures for maintenance and repairs are charged to expense as incurred. Investment grants from the Israeli Government are initially recorded as a reduction of the capitalized asset and are recognized in income over the estimated useful life of the respective asset. HCL recorded investment grants for the years ended December 31, 1992, 1993 and 1994 amounting to \$846,000, \$10,952,000 and \$22,708,000, respectively.

Effective January 1, 1993 and July 1, 1994, the Company revised the estimate of depreciable lives of its property, plant and equipment at Eddy and HCL, respectively, to more closely approximate the economic lives of those assets. The effect of these changes in estimate was to decrease depreciation expense in 1993 and 1994 by approximately \$630,000 and \$1,800,000, respectively.

#### Investments In Marketable Securities and Other Short-Term Investments

At December 31, 1993 the Company carried its investments in marketable equity securities at the lower of cost or market. To the extent that the quoted market value was less than cost, an unrealized loss on marketable equity securities would be recorded and classified as a reduction of common stockholder's equity. At December 31, 1993 the aggregate quoted market value of the marketable equity securities owned by the Company exceeded the aggregate cost.

The Company's other investments (principally short-term investments) at December 31, 1993 are carried at cost. Should declines in the carrying value of any of these securities (as well as the marketable equity securities described above) be considered to be other than temporary, such declines are recognized by an appropriate charge in the Consolidated Statements of Operations.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). The adoption of this Statement, which was not required until 1994, required the Company to classify its equity and fixed maturity securities as available-for-sale and reported at fair value, with unrealized gains and losses included as a separate component of stockholder's equity. Effective January 1, 1994, the Company adopted SFAS No. 115. The initial adoption of SFAS No. 115 did not have a material effect on the Company's consolidated financial position or results of operations.

#### Income Taxes

The Company is included in the consolidated Federal income tax return of TPR. Under the tax allocation agreement with TPR, the annual current Federal income tax liability for the Company and each of its domestic subsidiaries reporting profits is determined as if such entity had filed a separate Federal income tax return; no tax benefits are given for companies reporting losses. However, TPR may, at its discretion, allow tax benefits for such losses.

For purposes of the consolidated financial statements, taxes on income have been computed as if the Company and its domestic subsidiaries filed its own consolidated Federal income tax return without regard to the tax allocation agreement. Payments to TPR, if any, representing the excess of amounts determined under the tax allocation agreement over amounts determined for the purposes of consolidated financial statements are charged to retained earnings.

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Effective January 1, 1992, the Company changed its method of accounting for income taxes to conform with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which requires a change from the deferred method to the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Under SFAS 109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. The Company has reported the cumulative effect on prior years of the change in the method of accounting for income taxes as of January 1, 1992 in the Consolidated Statement of Operations.

The effect of adopting SFAS 109 in 1992 was to decrease net income by approximately \$1,170,000, representing an increased income tax provision of \$2,300,000 and an increase in income for the cumulative effect of the change in accounting principle of \$1,130,000.

#### Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations (including fines levied under environmental laws, reclamation costs and litigation costs), and which do not contribute to current or future revenue generation ("environmental clean-up costs"), are expensed. Such environmental clean-up costs do not encompass ongoing operating costs relating to compliance with environmental laws, including disposal of waste. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, the cost can be reasonably estimated and the Company's responsibility is established. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a formal plan of action. Accruals relating to costs to be incurred, if any, at the end of the useful life of equipment, facilities or other assets are made over the useful life of the respective assets.

During 1992, 1993 and 1994 the Company incurred environmental clean-up costs of approximately \$1,900,000, \$900,000 and \$600,000, respectively. In addition, at both December 31, 1993 and 1994, the Company has accrued approximately \$1,600,000 related to the estimated costs to be incurred for various environmental liabilities.

#### Research and Development Costs

Research and development costs are charged to expense as incurred and amounted to \$2,945,000, \$3,206,000 and \$3,978,000 for the years ended December 31, 1992, 1993 and 1994, respectively.

#### Statements of Cash Flows

Investments with original maturities of three months or less are classified as cash equivalents by the Company.

#### Concentration of Credit Risk

The Company believes no significant concentration of credit risk

exists with respect to investments and accounts receivable.

### Reclassifications

Certain prior year amounts have been reclassified to conform to the manner of presentation in the current year.

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### B. OTHER CURRENT ASSETS

Other current assets consist of the following at December 31, 1993 and 1994:

<TABLE>  
<CAPTION>

1993	1994
----	----
(IN THOUSANDS)	
<S>	
<C>	
	Marketable securities (carried principally at cost
	in 1993, at market in 1994 - see Note A) . . . . .
\$34,611	\$ 22,923
	Certificates of deposit pledged as collateral (see Note G) . . . . .
-	100,040
	Miscellaneous receivables, other securities,
	deferred income taxes etc . . . . .
21,561	45,237
-----	-----
\$56,172	Total \$168,200 . . . . .
=====	=====

</TABLE>

The Company classifies all of its marketable securities (including U.S. Government obligations) as available-for-sale securities. The following is a summary of available-for-sale securities as of December 31, 1994:

<TABLE>  
<CAPTION>

Gross	Estimated		Gross
Unrealized	Fair		Unrealized
Losses	Value	Cost	Gains
-----	-----	----	-----
(IN THOUSANDS)			
<S>			
<C>			

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\$ -	U.S. Government obligations . . . . .	\$ 1,989	\$ 2
	\$ 1,991		
-	Foreign Government obligations . . . . .	989	34
	1,023		
-----	-----	-----	-----
-	Total debt securities . . . . .	2,978	36
	3,014		
-----	-----	-----	-----
637	Common stocks and mutual funds investing primarily therein . . . . .	10,418	31
	9,812		
318	Mutual funds investing in U.S. government bonds and investment grade corporate bonds . . . . .	9,970	-
	9,652		
99	Preferred stocks . . . . .	544	-
	445		
-----	-----	-----	-----
1,054	Total equity securities . . . . .	20,932	31
	19,909		
-----	-----	-----	-----
\$1,054	Total . . . . .	\$23,910	\$ 67
	\$22,923		
=====	=====	=====	=====

&lt;/TABLE&gt;

The cost and estimated fair value of debt securities at December 31, 1994, by contractual maturity, are as follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

Estimated		Cost
Fair Value		
-----		----
		(IN
THOUSANDS)		
<S>		<C>
<C>		
\$1,991	Due in one year or less . . . . .	\$1,989
1,023	Due after one year through three years . . . . .	989
-----		-----
\$3,014	Total . . . . .	\$2,978
		=====

=====

</TABLE>

During 1994, the gross realized gains on sales of securities totaled approximately \$66,000 and the gross realized losses totaled

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approximately \$1,244,000 (see Note K ).

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C. INVENTORIES

Inventories consist of the following at December 31, 1993 and 1994:

<TABLE>  
<CAPTION>

1993	1994
----	----
(IN THOUSANDS)	
<C>	<S>
	<C>
\$ 10,602	Raw materials . . . . .
	\$17,566
50,327	Finished goods . . . . .
	33,747
-----	-----
\$60,929	Total . . . . .
	\$51,313
=====	=====

</TABLE>

D. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment at December 31, 1993 and 1994 consists of the following:

<TABLE>  
<CAPTION>

1993	1994
----	----
(IN THOUSANDS)	
<C>	<S>
	<C>
\$ 2,116	Land . . . . .
	\$ 2,116
19,994	Buildings . . . . .
	21,753
187,566	Machinery, plant and equipment . . . . .
	181,364
9,892	Office furniture, equipment and water rights . . . . .
	10,750
24,197	Construction-in-progress . . . . .
	102,494
-----	-----



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	Total, at cost . . . . .	
243,765	318,477	
	Less accumulated depreciation and amortization . . . .	
112,764	116,392	
-----	-----	
	Property, plant and equipment - net . . . . .	
\$131,001	\$202,085	
=====	=====	

</TABLE>

During 1993 the Company commenced construction of the K3 Plant, a new facility in Israel, with initial capacity to produce approximately 100,000 metric tons of potassium nitrate annually. The Company substantially completed the construction of the K3 Plant in the fourth quarter of 1994. During 1993 and 1994 capital expenditures in connection with the K3 Plant (net of aggregate Israeli Government grants of approximately \$33,000,000) amounted to approximately \$19,000,000 and \$43,000,000, respectively. Product sales from the K3 Plant have commenced in 1995. The capacity of the new plant may be expanded in subsequent years.

The Company capitalized interest costs aggregating \$200,000, \$352,000 and \$3,360,000 during the years ended December 31, 1992, 1993 and 1994, respectively, with respect to the financing of several construction projects. Certain property, plant and equipment has been pledged as collateral for long-term debt - see Note G.

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On February 7, 1994, the smaller of HCL's two potassium nitrate production units was damaged by a fire, causing a temporary reduction of the Company's potassium nitrate production capacity. The Company currently expects to complete the replacement of the damaged unit during April 1995. The impact of the loss of the facility, including the effect of business interruption, is substantially covered by insurance. The insurance proceeds relating to the property damage is for replacement value, which at a minimum will be \$20 million greater than the recorded carrying value of the damaged assets. Accordingly, during the year ended December 31, 1994, HCL has recorded a gain of \$20,000,000 less a provision for certain estimated costs related to the fire of approximately \$1,900,000. Such pre-tax gain of approximately \$18,100,000 is included in the caption "interest and other income-net" in the accompanying Consolidated Statements of Operations - see Note K. Additional insurance proceeds relating to the property damage, if any, will be reflected in income as the amounts are determined.

#### E. SHORT-TERM DEBT

The weighted average interest rates for short-term debt outstanding at December 31, 1993 and 1994 were 6.9% and 8.8%, respectively.

Cedar has a revolving loan commitment from two banks aggregating \$28,000,000 for 1994 (approximately \$500,000 unused at December 31, 1994) and \$33,000,000 for 1995. HCSL has a \$10,000,000 revolving loan commitment from two banks through December 31, 1997, which permits borrowings commencing January 1, 1995.

#### F. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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Accrued expenses and other current liabilities consist of the following at December 31, 1993 and 1994:

<TABLE>  
<CAPTION>

1993	1994
-----	-----
(in thousands)	
<C>	<S> <C>
\$ 8,827	Compensation and payroll taxes . . . . .
8,795	\$ 9,625
1,004	Interest . . . . .
11,401	11,437
	Income taxes . . . . .
	3,127
	Other . . . . .
	14,496
-----	-----
\$30,027	Total . . . . .
	\$38,685
=====	=====

</TABLE>

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G. LONG-TERM DEBT - NET

Long-term debt consists of the following at December 31, 1993 and 1994:

<TABLE>  
<CAPTION>

1993	Description 1994	Interest Rate*	Payable Through
-----	-----	-----	-----
----	----		
(in thousands)			
<S>		<C>	<C>
<C>	<C>		
TRI:			
Bank loans (1)		Various	1998
\$ 26,540	\$137,500		
Senior subordinated reset notes, net of			
unamortized debt discount of \$522,000 and			
\$349,000 (effective interest rate of 15.4%) (2)		14.5%	1996
26,228	26,401		
11.875% Senior subordinated notes, net of			
unamortized debt discount of \$1,095,000 and			
\$1,016,000 (effective interest rate of 12.1%) (3)		11.875%	2002
113,905	113,984		

9.5% Junior subordinated debentures, net of unamortized debt discount of \$2,505,000 and \$1,019,000 (effective interest rate of 14.1%) (4)	9.5%	1998
15,495	7,981	

## Subsidiaries:

Bank loans and Industrial Revenue Bond financing	Various	2005
59,589	89,024	

-----	
Total	-----
241,757	374,890
Less current portion	-----
24,801	124,465

-----	
Long-term debt - net	-----
\$216,956	\$250,425

=====  
</TABLE>

\* As prevailing on respective balance sheet dates. Such rates (other than the subordinated debt) generally "float" according to changes in the Prime or LIBOR rates. At December 31, 1994 such rates were approximately 8.5% and 5.5%, respectively.

1. On June 30, 1994, the Company entered into a Loan Agreement with a bank and borrowed \$40,000,000 (repayable quarterly over a four year period) and utilized a portion of the proceeds to prepay approximately \$19,000,000 then owed to such bank. Pursuant to the Loan Agreement, the Company also borrowed an additional \$100,000,000, repayable in January, 1996. Under certain specified circumstances prior to such date, the Company could have converted such loan into a term loan maturing five years from the date of conversion. At December 31, 1994 the Company pledged certificates of deposit ("CD's") with a principal amount of \$100,000,000 as collateral for such loan (such CD's are included in "other current assets" in the accompanying Consolidated Balance Sheet). The Company has pledged 79% of the capital stock of HCL to secure its obligations under the Loan Agreement. On January 5, 1995, the Company liquidated the pledged CD's and prepaid, in full, the \$100,000,000 loan. Such loan is included in current maturities of long-term debt at December 31, 1994.

2. The Senior Subordinated Reset Notes (the "Reset Notes") bear interest at 14.5% and mature on September 30, 1996. The Reset Notes are not subject to any mandatory sinking fund requirement.

3. On March 30, 1993, the Company privately placed \$115,000,000 principal amount of the 11 7/8% Notes at 99% of principal amount (the "Offering"). The net proceeds to the Company from the Offering were approximately \$109,700,000. Approximately \$24,200,000 of such proceeds were used to acquire \$21,500,000 principal amount of the Company's Reset Notes. In addition, approximately \$63,900,000 of the proceeds were used in May, 1993 to acquire all of the Company's \$60,997,000 then outstanding principal amount of the 13.5% Senior Subordinated Debentures (the "Debentures") through utilization of the applicable sinking fund and optional redemption provisions of the Debentures. As a result of the redemptions and purchases

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described above, as well as the Company's acquisition of \$4,500,000 principal amount of the Debentures in January 1993, the Company has recorded an extraordinary loss of \$8,830,000 during 1993, including the write-off of applicable deferred debt issuance costs. Such loss has no current tax benefit.

On May 6, 1993, to satisfy its obligations with respect to the registration of the 11 7/8% Notes, the Company commenced an offer (the "Exchange Offer") to exchange up to \$115,000,000 principal amount of its registered 11 7/8% Senior Subordinated Notes due 2002, Series B (the "New 11 7/8% Notes") for a like principal amount of the 11 7/8% Notes. The terms of the 11 7/8% Notes and the New 11 7/8% Notes were identical in all material respects. Pursuant to the Exchange Offer, which expired on June 9, 1993, all outstanding 11 7/8% Notes were tendered and exchanged for New 11 7/8% Notes.

The New 11 7/8% Notes mature on July 1, 2002 and are redeemable at the option of the Company at any time after July 1, 1998 at stipulated redemption prices. There are no mandatory sinking fund requirements.

4. On November 28, 1986, the Company issued the junior subordinated debentures (the "9.5% Debentures") in the aggregate principal amount of \$9,000,000, with interest payable from October 1, 1987 and quarterly thereafter. Such 9.5% Debentures were initially recorded at \$6,700,000, the estimated value on the date of issue, and mature in 1998.

During 1991, the Company's then outstanding redeemable preferred stock was converted into \$9,000,000 principal amount of the Company's 9.5% Debentures. Subsequently, during 1991, the then holder of this \$9,000,000 principal amount of 9.5% Debentures agreed to extend the maturity date of such principal amount by seven years to the year 2005. The carrying value of the 9.5% Debentures issued upon conversion of the redeemable preferred stock was equivalent to the previous carrying value of the preferred stock. During 1994, as a result of the settlement of certain litigation with a former indirect stockholder and director of the Company, TPR acquired the 9.5% Debentures then held by the wife of such stockholder. Upon TPR's acquisition of such 9.5% Debentures, TPR and the Company exchanged these 9.5% Debentures for a new preferred stock - see Note L. Also as part of the settlement of such litigation, TPR assumed a \$4,000,000 obligation that was previously owed to the Company by the wife of the former indirect stockholder and director. Such obligation, which is included in "other assets" in the accompanying Consolidated Balance Sheets, bears interest at the rate of 8.75% per year and is due in the year 2005.

The Reset Notes are pari passu with the New 11 7/8% Notes and are subordinated in right of payment to all Senior Indebtedness (as defined) of the Company and senior to the 9.5% Debentures.

Certain of the Company's and its subsidiaries' loan agreements and Indentures require the Company and/or the respective subsidiary to, among other things, maintain various financial ratios including minimum net worth, ratios of debt to net worth, interest and fixed charge coverage tests and current ratios. In addition, there are certain limitations on the Company's ability make certain Restricted Payments and Restricted Investments (each as defined), etc. The Company is also required to offer to purchase a portion of the New 11 7/8% Notes and the Reset Notes if it fails to maintain minimum amounts of Junior Subordinated Capital (as defined). In the event of a Change in Control (as defined), the Company is required to offer to purchase all the New 11 7/8% Notes and Reset Notes as well as to repay certain bank loans. Certain of the respective instruments also limit the payment of dividends, capital expenditures and the incurring of additional debt and liens.

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AS of December 31, 1994, the Company and its subsidiaries are in compliance with the covenants of each of the respective loan agreements and Indentures.

The aggregate maturities of long-term debt are set forth below.

<TABLE>  
<CAPTION>

Years Ending December 31, -----	(in thousands)
<S>	<C>
1995 . . . . .	\$124,465
1996 . . . . .	48,496
1997 . . . . .	21,746
1998 . . . . .	28,246
1999 . . . . .	9,396
Thereafter . . . . .	144,925
Unamortized debt discount . . . . .	(2,384)
	-----
Total . . . . .	\$374,890
	=====

&lt;/TABLE&gt;

Substantially all of the assets of HCL are subject to security interests in favor of the State of Israel and/or banks. In addition, substantially all of Cedar's, Vicksburg's and NMPC's assets are subject to security interests in favor of banks pursuant to loan agreements. The capital stock of HCL, Cedar, Vicksburg and NMPC has also been pledged to the banks pursuant to these agreements. The Company's common stock is pledged to secure the repayment obligations of TPR under a note issued by it to a former indirect shareholder of the Company.

Interest paid on the long-term debt obligations, net of capitalized interest, totaled \$26,386,000, \$21,852,000 and \$24,089,000 for the years ended December 31, 1992, 1993 and 1994, respectively.

#### H. OTHER LIABILITIES

Under Israeli law and labor agreements, HCL is required to make severance and pension payments to dismissed employees and to employees leaving employment in certain other circumstances. These liabilities are covered by regular deposits to various severance pay funds and by payment of premiums to an insurance company for officers and non-factory personnel under approved plans. "Other liabilities" in the Consolidated Balance Sheets as of December 31, 1993 and 1994 include accruals of \$2,116,000 and \$2,596,000, respectively, for the estimated unfunded liability of complete severance of all HCL employees. Cost incurred was approximately \$1,673,000, \$1,974,000 and \$2,648,000 for the years ended December 31, 1992, 1993 and 1994, respectively.

No information is available regarding actuarial present value of HCL's pension plans and the plans' net assets available for benefits, as these plans are multi-employer, external and independent of HCL.

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Cedar has a defined benefit pension plan which covers all of the full-time employees of Cedar and Vicksburg. Funding of the plan is made through payment to various funds managed by a third party and is in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Cedar's net pension cost for the years ended December 31, 1992, 1993 and 1994 included the following benefit and cost components:

&lt;TABLE&gt;

&lt;CAPTION&gt;

1993	1994	1992
-----	-----	-----
(in thousands)		
<S>		
<C>		
Service cost . . . . .	<C>	\$540
\$552	\$657	
Interest cost . . . . .		523
659	756	
Amortization of unrecognized prior service cost . . . . .		72
120	109	
Actual return on plan assets . . . . .		(526)
(592)	(751)	
Amortization of unrecognized net transition obligation . . . . .		59
58	58	
-----	-----	-----
Net pension cost . . . . .		\$668
\$797	\$829	
=====	=====	=====

&lt;/TABLE&gt;

The funded status and the amounts recognized in the Company's December 31, 1993 and 1994 Consolidated Balance Sheets for Cedar's benefit plan is as follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

1994	1993
-----	-----
(in thousands)	
<S>	
<C>	
8,066	Plan assets at market value . . . . . \$
	\$ 8,604
10,222	Actuarial present value of projected benefit obligation
	10,210
-----	-----
(2,156)	Funding status . . . . .
	(1,606)
	Unrecognized net transition obligation . . . . .

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468	410		
	Unrecognized prior service cost		
1,265	1,061		
	Unrecognized net loss		
762	475		
-----			
	Prepaid pension cost		\$
339	\$ 340		
=====			
</TABLE>			

At December 31, 1993 and 1994 the actuarial present value of Cedar's vested benefit obligation was \$7,115,000 and \$7,512,000 and the accumulated benefit obligation was \$7,533,000 and \$7,922,000, respectively.

Actuarial assumptions used at December 31, 1993 and 1994 were as follows:

<TABLE>  
<CAPTION>

	1994	1993
-----		
	<S>	<C>
	<C>	
7.5%	Discount rate	
	8.2%	
5.0%	Rate of increase in compensation levels	
	5.0%	
9.0%	Expected long-term rate of return on assets	
	9.0%	
</TABLE>		

The unrecognized net transition obligation is being amortized on a straight-line basis over fifteen years beginning January 1, 1987.

Cedar and its subsidiaries and Eddy have profit sharing thrift plans designed to conform to Internal Revenue Code Section 401(k) and to the requirements of ERISA. The plans, which cover all full-time employees (and one of which includes Company headquarters employees), allow participants to contribute as much as 15% of their annual compensation, up to a maximum permitted by law, through salary reductions. The companies' contributions to the plans are based on a percentage of the participant's contributions, and the companies may make additional contributions to the plans at the discretion of their respective Boards of Directors. The contribution expense relating to the profit sharing thrift plans totaled \$653,000, \$595,000 and \$538,000 for the years ended December 31, 1992, 1993 and 1994, respectively.

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<PAGE> 45  
I. COMMITMENTS

#### Operating Leases

The Company and its subsidiaries are obligated under non-cancelable operating leases covering principally land and office facilities. At December

31, 1994, minimum annual rental commitments under these leases are:

<TABLE>  
<CAPTION>

(in thousands)		Years Ending December 31,
		-----
		<S>
<C>		
\$ 2,232		1995 . . . . .
2,129		1996 . . . . .
2,011		1997 . . . . .
1,721		1998 . . . . .
1,662		1999 . . . . .
10,542		Thereafter . . . . .
-----		
\$20,297		Total . . . . .

</TABLE>

Rent expense for 1992, 1993 and 1994 was \$3,637,000, \$3,835,000 and \$3,485,000, respectively, covering land, office facilities and equipment.

#### Purchase Commitment

HCL has an agreement for the purchase of potash which expires in 1999. The terms of the agreement require HCL to purchase a minimum quantity at the weighted average of the FOB Israeli port prices received by the seller for the immediately preceding quarter plus certain adjustments thereto. Based upon current prices and at current capacity, the annual commitment is approximately \$16,000,000. There are currently no purchase commitments in excess of market prices.

#### J. INCOME TAXES

The Company's income tax provision for the years ended December 31, 1992, 1993 and 1994 consist of the following:

<TABLE>  
<CAPTION>

		1992
1993	1994	----
----	----	
(in thousands)		
<S>		<C>
<C>		
Currently payable:		
Federal		
\$ -	\$ 2,193	\$ -
Foreign		
7,939	4,872	11,276



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301	State	432	1,232
			-----
8,240	Total	7,497	12,508
			-----
	Deferred (benefit):		
(472)	Foreign	7,135	(785)
152	State	37	(492)
			-----
(320)		7,172	(1,277)
			-----
\$7,920	Total	\$14,669	\$11,231
			=====

</TABLE>

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The provision for income taxes for the years ended December 31, 1992, 1993 and 1994 amounted to \$11,231,000, \$7,920,000 and \$14,669,000, respectively, representing effective income tax rates of 48.3%, 72.1% and 85.2%, respectively. These amounts differ from the amounts of \$7,905,000, \$3,845,000 and \$6,027,000, respectively, computed by applying the statutory Federal income tax rates to income before income taxes. The reasons for such variances from statutory rates were as follows:

<TABLE>  
<CAPTION>

1993	1994	1992
		----
<S>		<C>
<C>	<C>	
Statutory Federal rates		34.0%
35.0%	35.0%	
Increase (decrease) in income tax rate resulting from:		
Israeli operations - net impact of Israeli statutory		
rate, effects of "inflation allowances",		
withholding taxes etc.		
(10.1)	(6.1)	3.3
Net losses without current tax benefit,		
Alternative Minimum Tax and other		
47.4	56.1	15.5
Additional depletion expense		
(2.9)	(1.6)	(6.6)
State and local income taxes - net		
		2.1

2.7	1.8	
Effective income tax rates	Effective income tax rates	48.3%
72.1%	85.2%	

&lt;/TABLE&gt;

At December 31, 1994 and 1993, deferred taxes (liabilities) consisted of the following:

<TABLE>  
<CAPTION>

1994	1993
	(in thousands)
	<C>
	<S>
	<C>
Depreciation and property and equipment basis differences . . .	
\$(15,063) \$(19,841)	
Contract revenue recognition method . . . . .	2,107
965	
Nondeductible reserves . . . . .	3,683
3,976	
Net operating loss carryforwards . . . . .	18,973
-	
Capital loss and capital loss carryforwards . . . . .	5,574
3,762	
Foreign tax credit carryovers . . . . .	3,000
2,517	
AMT credit carryovers . . . . .	1,693
3,886	
Investment tax credit carryovers . . . . .	200
200	
Other . . . . .	1,160
140	
	-----
Deferred taxes - net, exclusive of valuation allowance . . . . .	21,327
(4,395)	
Valuation allowance . . . . .	
(32,503) (13,968)	
	-----
Deferred taxes - net . . . . .	
\$(11,176) \$(18,363)	

&lt;/TABLE&gt;

At December 31, 1993, deferred tax assets of \$2,100,000 are classified as "other current assets" and deferred tax liabilities of \$13,276,000 are classified as "other liabilities". At December 31, 1994, deferred tax assets of \$1,050,000 are classified as "other current assets" and deferred tax liabilities of \$19,413,000 are classified as "other liabilities". The reduction in the valuation allowance is principally due to the utilization of net operating loss carryforwards to offset taxable dividends from a foreign subsidiary.

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&lt;PAGE&gt; 47

At December 31, 1994, the Company had various tax loss and credit carryovers which expire as follows:

<TABLE>  
<CAPTION>

Expiration	Capital Loss	Foreign Tax Credit	Investment Tax Credit
-----	-----	-----	-----
<S>	<C>	(in thousands)	<C>
1997 . . .	\$8,900	<C>	
1998 . . .		\$2,000	
1999 . . .		500	
2001 . . .			\$200
	-----	-----	-----
Total . . .	\$8,900	\$2,500	\$200
	=====	=====	=====

&lt;/TABLE&gt;

Income taxes paid totalled approximately \$7,800,000, \$11,600,000 and \$7,300,000, respectively, during the years ended December 31, 1992, 1993 and 1994.

## K. INTEREST AND OTHER INCOME - NET

Interest and other income - net for the years ended December 31, 1992, 1993 and 1994 consists of the following:

<TABLE>  
<CAPTION>

1993	1994	1992
----	----	----
(in thousands)		
<S>		<C>
<C>	<C>	
Interest and dividend income . . . . .		\$ 3,735
\$ 3,258	\$2,442	
Security gains (losses) - net . . . . .		2,865
2,261	(1,178)	
Gain on involuntary conversion (see Note D) . . . . .		-
-	18,100	
Other, including a gain (loss) of \$4,000,000 and (\$3,800,000) in 1992 and 1994, respectively, relating to foreign currencies (see Note A) . . . . .		1,876
495	(4,308)	
-----	-----	-----
\$ 6,014	\$15,056	\$ 8,476
=====	=====	=====

&lt;/TABLE&gt;

## L. PREFERRED STOCK

As discussed in Note G, preferred stock was issued to TPR in December, 1994. The dividend on the preferred stock is cumulative at the rate of \$8.50 per share per annum. The preferred shares are non-voting and were recorded at \$7,960,000, TRI's carrying value of the 9.5% Debentures held by TPR on the date of conversion. The preferred shares are redeemable, at the option of the Company, at any time, at a redemption price of \$79.60 per share, plus an amount equal to cumulative dividends, accrued and unpaid thereon up to the date of redemption.

## M. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company, using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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&lt;PAGE&gt; 48

&lt;TABLE&gt;

&lt;CAPTION&gt;

December 31, 1994		December 31, 1993	
-----		-----	
Carrying	Estimated	Carrying	Estimated
Amount	Fair Value	Amount	Fair Value
-----		-----	
(in thousands)		(in thousands)	
<S>		<C>	
<C>		<C>	
Assets:			
Marketable securities (included within "other current assets") . . . . .		\$ 34,611	\$ 34,977
\$ 22,923	\$ 22,923		
Investments in certain securities (included within "other assets" and accounted for by the equity method) . .		2,274	8,524
3,335	5,855		
Liabilities:			
Long-term debt . . . . .		241,757	246,330
374,890	366,731		
Off-balance sheet financial instruments:			
Foreign currency contracts . . . . .		850	3,250

(3,800) (6,100)  
</TABLE>

Cash and Cash Equivalents, Accounts Receivable, Short-Term Debt and Accounts Payable - The carrying amounts of these items are a reasonable estimate of their fair value.

Investments in Securities - The fair value of these securities are estimated based on quoted market prices.

Long-Term Debt - Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used on a discounted cash flow basis to estimate fair value for debt issues for which no market quotes are available.

Foreign Currency Contracts - The fair value of foreign currency contracts is estimated by obtaining quotes from brokers. The contractual amount of these contracts totals approximately \$111,000,000 and \$117,000,000 as of December 31, 1993 and 1994, respectively.

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 1993 and 1994. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

#### N. CONTINGENT LIABILITIES AND OTHER MATTERS

For a description of certain pending legal proceedings, see Item 3 - "Legal Proceedings", which is an integral part of these financial statements. The Company is vigorously defending against the allegations described therein.

Management of the Company believes, based upon its assessment of the actions and claims outstanding against the Company and certain of its subsidiaries, and after discussion with counsel, that the eventual disposition of the matters referred to above should not have a material adverse effect on the financial position, future operations or liquidity of the Company.

The production of fertilizers and chemicals involves the use, handling and processing of materials that may be considered hazardous within the meaning of applicable environmental or health and safety laws. Accordingly, the Company's operations are subject to extensive Federal, state and local regulatory requirements in the United States and regulatory requirements in Israel relating to environmental matters. Operating permits are required for the operation of the company's facilities, and these permits are subject to revocation, modification and renewal. Government authorities have the power to enforce compliance with these regulations and permits, and violators are subject to civil and criminal penalties, including civil fines,

injunctions or both. The Company has entered into consent decrees and administrative orders with certain governmental authorities which are expected to result in unspecified corrective actions - see "Environmental Matters" in Item 1 - "Business". There can be no assurance that the costs of such corrective actions will not be material.

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The Company has accrued for the estimated costs of facility investigations, corrective measures studies and known remedial measures relating to environmental clean-up costs. However, the Company has been unable to ascertain the range of reasonably possible costs that may be incurred for environmental clean-up costs pending completion of investigations and studies.

Based on currently available information, Management believes that the Company's expenditures for environmental capital investment and remediation necessary to comply with present regulations governing environmental protection and other expenditures for the resolution of environmental actions will not have a material adverse effect on the Company's liquidity and capital resources, competitive position or financial statements. However, Management cannot assess the possible effect on compliance with future requirements.

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CONDENSED FINANCIAL INFORMATION OF REGISTRANT

SCHEDULE I

TRANS-RESOURCES, INC.  
BALANCE SHEETS

<TABLE>  
<CAPTION>

December 31,

-----  
1993                      1994  
-----

(in thousands)

<S>  
<C>

<C>

ASSETS

CURRENT ASSETS:

Cash and cash equivalents . . . . .	
\$ 9,800                      \$ 9,570	
Receivables and other current assets . . . . .	
35,474                      133,492	
Prepaid expenses . . . . .	
891                              40	

-----	-----	
46,165	Total Current Assets . . . . .	
	143,102	

INVESTMENTS IN SUBSIDIARIES . . . . .	
131,861                      143,324	

DUE FROM SUBSIDIARIES - net . . . . .	
19,402                      17,324	

OTHER ASSETS . . . . .	
11,282                      16,221	

-----

	Total	
\$208,710	\$319,971	

=====

=====

## LIABILITIES AND STOCKHOLDER'S

## EQUITY

## CURRENT LIABILITIES:

	Current maturities of long-term debt	
\$ 9,810	\$110,000	
	Accrued expenses and other current liabilities	
7,805	10,583	

-----

-----

	Total Current Liabilities	
17,615	120,583	

-----

-----

## LONG-TERM DEBT - net:

	Senior indebtedness, notes payable and other obligations	
16,730	27,500	
	Senior subordinated debt - net	
140,133	140,385	
	Junior subordinated debt - net	
15,495	7,981	

-----

-----

	Long-Term Debt - net (Note)	
172,358	175,866	

-----

-----

## OTHER LIABILITIES

2,943	2,972	
-------	-------	--

-----

-----

## STOCKHOLDER'S EQUITY:

	Preferred stock, \$1.00 par value, 100,000 shares	
	authorized, issued and outstanding	
-	7,960	
	Common stock, \$.01 par value, 3,000 shares authorized,	
	issued and outstanding	
-	-	
	Additional paid-in capital	
500	505	
	Retained earnings	
15,348	13,432	
	Cumulative translation adjustment	
(54)	(360)	
	Unrealized gains (losses) on marketable securities	
-	(987)	

-----

-----

	Total Stockholder's Equity	
15,794	20,550	

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	Total	
\$208,710	\$319,971	

=====  
</TABLE>

Note - The aggregate maturities of long-term debt during the next five years is approximately as follows: 1995 - \$110,000,000; 1996 - \$36,750,000; 1997 - \$10,000,000; 1998 - \$16,500,000 and 1999 - \$0. Also, see Note G of Notes to Consolidated Financial Statements.

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CONDENSED FINANCIAL INFORMATION OF REGISTRANT

SCHEDULE I  
(continued)

TRANS-RESOURCES, INC.

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 1992, 1993 and 1994

<TABLE>  
<CAPTION>

1993	1994	1992	
----	----	----	
			(in
			thousands)
<S>		<C>	
<C>	<C>		
REVENUES - EQUITY IN NET			
EARNINGS OF SUBSIDIARIES:			
Dividends received from subsidiaries		\$ 5,132	
\$ 34,932	\$ 17,005		
Undistributed earnings of subsidiaries		25,213	
(12,474)	11,764		
-----	-----	-----	
Total		30,345	
22,458	28,769		
COSTS AND EXPENSES		(4,527)	
(4,111)	(3,674)		
INTEREST EXPENSE		(20,682)	
(22,121)	(23,243)		
INTEREST AND OTHER INCOME - net		4,970	
5,797	1,392		
-----	-----	-----	
INCOME BEFORE INCOME TAXES,			



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EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE . . . . .		10,106
2,023	3,244	
INCOME TAX BENEFIT (PROVISION) . . . . .		2,080
1,043	(694)	
-----		
INCOME BEFORE EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE . . . . .		12,186
3,066	2,550	
EXTRAORDINARY ITEM - Loss on repurchase of debt (no income tax benefit) . . . . .		-
(8,830)	-	
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING FOR INCOME TAXES . . . . .		963
-----		
NET INCOME (LOSS) . . . . .		\$ 13,149
\$(5,764)	\$ 2,550	
=====		=====
</TABLE>		

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CONDENSED FINANCIAL INFORMATION OF REGISTRANT

SCHEDULE I  
(concluded)

TRANS-RESOURCES, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1992, 1993 and 1994

<TABLE>  
<CAPTION>

1993	1994	1992
----	----	----
thousands)		(in
<S>		<C>
<C>		
OPERATING ACTIVITIES AND WORKING CAPITAL		
MANAGEMENT:		
Operations:		
Net income (loss) . . . . .		\$13,149
\$(5,764)	\$ 2,550	
Items not requiring cash:		
Unremitted earnings of subsidiaries . . . . .		(25,213)
12,474	(11,764)	
Depreciation and amortization . . . . .		1,307

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3,985	1,226	
	Increase in other liabilities . . . . .	594
744	29	
	Deferred taxes and other - net . . . . .	1,125
(1,048)	242	
-----		
	Total . . . . .	(9,038)
10,391	(7,717)	
	Working capital management:	
	Receivables and other current assets . . . . .	23,171
4,926	(3,064)	
	Prepaid expenses . . . . .	(642)
(155)	851	
	Accrued expenses and other current liabilities . . .	(7,764)
3,816	2,778	
-----		
	Cash provided by (used in) operations and	
	working capital management . . . . .	5,727
18,978	(7,152)	
-----		
INVESTMENT ACTIVITIES:		
	Additions to property, plant and equipment . . . . .	(28)
(75)	(70)	
	Sales of marketable securities and	
	short-term investments . . . . .	12,578
12,435	33,543	
	Purchases of marketable securities and	
	short-term investments, including in 1994 purchase	
	of CD's securing a bank loan (see Note G) . . . . .	(12,819)
(34,118)	(133,396)	
	Other - net . . . . .	(645)
(4,539)	(3,464)	
-----		
	Cash used in investment activities . . . . .	(914)
(26,297)	(103,387)	
-----		
FINANCING ACTIVITIES:		
	Increase in long-term debt . . . . .	-
109,166	139,574	
	Payments and current maturities of long-term debt . . .	(475)
(90,457)	(29,040)	
	Dividends to stockholders . . . . .	(13,136)
(7,508)	(225)	
-----		
	Cash provided by (used in) financing activities . . . . .	(13,611)
11,201	110,309	
-----		
INCREASE (DECREASE) IN CASH AND		
	CASH EQUIVALENTS . . . . .	(8,798)
3,882	(230)	
CASH AND CASH EQUIVALENTS:		
	Beginning of year . . . . .	14,716

5,918	9,800	
-----	-----	-----
End of year		\$ 5,918
\$ 9,800	\$ 9,570	
-----	-----	=====
Interest paid		\$ 19,497
\$ 16,557	\$ 19,913	
=====	=====	=====
Income taxes paid		\$ 506
2,100	\$ 1,113	\$
=====	=====	=====

&lt;/TABLE&gt;

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&lt;PAGE&gt; 53

## TRANS-RESOURCES, INC.

## INDEX TO EXHIBITS

<TABLE> <CAPTION> Exhibit	Description	Page No.
-----	-----	-----
<S>	<C>	<C>
3.1	Certificate of Incorporation of the Company, as amended (in restated form).	E - 4
3.2	By-laws of the Company, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (the "1991 Form 10-K"), which is incorporated herein by reference.	*
4.1	Indenture, dated as of March 1, 1989, between the Company and First Alabama Bank, as Trustee, relating to the Senior Subordinated Reset Notes due 1996, filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1988, which is incorporated herein by reference.	*
4.2	Indenture, dated as of March 30, 1993 between the Company and First Alabama Bank, as Trustee, relating to the 11 7/8% Senior Subordinated Notes due 2002, filed as Exhibit 4.1 to the Registration Statement of the Company on Form S-1, filed on April 16, 1993, as amended, Registration No. 33-61158 (the "1993 Form S-1"), which is incorporated herein by reference.	*
10.1	Potash Sales Agreement between Haifa Chemicals Ltd. and Dead Sea Works Limited, dated January 1, 1980 (termination date extended to December 31, 1999), concerning the supply of potash, filed as Exhibit 10.2 to the Registration Statement of the Company on Form S-1, filed on January 30, 1987, as amended, Registration No. 33-11634 (the "1987 Form S-1"), which is incorporated herein by reference.	*

10.2	Manufacturing Processes Agreement between Haifa Chemicals Ltd. and Oil Refineries Ltd., dated December 28, 1981, concerning the supply of steam and water, filed as Exhibit 10.6 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.3	Agreement of Use of Ammonia Pipeline between Haifa Chemicals Ltd. and Oil Refineries Ltd., dated August 7, 1977, as amended, concerning the use of an ammonia pipeline, filed as Exhibit 10.8 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.4	Lease between Haifa Chemicals Ltd. and Oil Refineries Ltd., dated December 20, 1968, concerning real property, filed as Exhibit 10.9 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.5	Lease between Haifa Chemicals Ltd. and Oil Refineries Ltd., dated March 31, 1974, concerning real property, filed as Exhibit 10.10 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.6	Lease between Haifa Chemicals Ltd. and Oil Refineries Ltd., dated April 5, 1978, concerning real property, filed as Exhibit 10.11 to the 1987 Form S-1, which is incorporated herein by reference.	*

&lt;/TABLE&gt;

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&lt;PAGE&gt; 54

<TABLE>  
<CAPTION>  
Exhibit  
-----

&lt;S&gt;

&lt;C&gt;

Description  
-----Page No.  
-----

&lt;C&gt;

10.7	Lease between Haifa Chemical Ltd. and Oil Refineries Ltd., dated June 25, 1978, concerning real property, filed as Exhibit 10.12 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.8	Lease between Haifa Chemicals Ltd. and Oil Refineries Ltd., dated September 25, 1986, concerning real property, filed as Exhibit 10.13 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.9	Agreement between Haifa Chemicals Ltd. and The Port Authorities, dated January 31, 1980 (termination date extended to June 1996), concerning real property, filed as Exhibit 10.15 to the 1987 Form S-1, which is incorporated herein by reference.	*
10.10	Agreement between the Company and Thomas G. Hardy, dated March 22, 1994, concerning incentive bonus compensation, including, as Exhibit A thereto, the related Trust Agreement, filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993 (the "1993 Form 10-K"), which is incorporated herein by reference.	

10.11	Employment Agreement between the Company and Thomas G. Hardy, dated as of June 1, 1993.	*
10.12	Salary Continuation Agreement between the Company and Lester W. Youner, dated as of August 24, 1994.	E - 5
10.13	Amended and Restated Credit Agreement, dated as of June 2, 1993 (The "Cedar/NMPC/Vicksburg Credit Agreement"), among Cedar Chemical Corporation, New Mexico Potash Corporation, the Banks parties thereto and The First National Bank of Boston, as Agent (exhibits and schedules omitted), filed a Exhibit 10.15 to the 1993 Form 10-K, which is incorporated herein by reference.	E - 6
10.14	Restated Amendment No. 1, dated as of November 10, 1993, to the Cedar/NMPC/Vicksburg Credit Agreement (exhibits and schedules omitted), filed a Exhibit 10.16 to the 1993 Form 10-K, which is incorporated herein by reference.	*
10.15	Loan Agreement, dated as of June 30, 1994, between the Company and Bank Hapoalim (certain exhibits and schedules omitted) filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1994, which is incorporated herein by reference.	*

&lt;/TABLE&gt;

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&lt;PAGE&gt; 55

&lt;TABLE&gt;

&lt;CAPTION&gt;

Exhibit	Description	Page No.
-----	-----	-----
<S>	<C>	<C>
10.16	Tax Sharing Agreement, dated as of December 30, 1991, among TPR Investment Associates, Inc., the Company, Eddy Potash, Inc., Nine West Corporation, TR Media Corporation and Cedar Chemical Corporation, filed as Exhibit 10.23 to the 1991 Form 10-K, which is incorporated herein by reference.	*
10.17	Split Dollar Insurance Agreement, entered into as of August 26, 1988, between the Company and Arie Genger, filed as Exhibit 10.27 to the Registration Statement of the Company on Form S-1, filed on October 20, 1992, as amended, Registration No. 33-53486, which is incorporated herein by reference.	*
10.18	Bond Purchase Agreement, dated November 10, 1993, among Mississippi Business Finance Corporation, Vicksburg Chemical Company and the banks named as Purchasers therein, filed as Exhibit 10.22 to the 1993 Form 10-K, which is incorporated herein by reference.	*
21	Subsidiaries of the Company.	E - 7
24	Power of Attorney authorizing Lester W. Youner to sign this report and any amendments hereto on behalf of the principal executive officer and the directors.	E - 8
27	Financial Data Schedule.	E - 9

&lt;/TABLE&gt;

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\* Incorporated by reference

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EXHIBIT 3.1

(In restated form, reflecting amendments through December 30, 1994)

CERTIFICATE OF INCORPORATION

OF

TRANS-RESOURCES, INC.

(Pursuant to the General Corporation Law  
of the State of Delaware)

FIRST: The name of the Corporation is Trans-Resources, Inc.

SECOND: The registered office of the Corporation in the State of Delaware is located at c/o United Corporate Services, Inc., 15 East North Street, in the City of Dover, County of Kent. The name and address of its registered agent is United Corporate Services, Inc. at such address.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which may be issued by the Corporation is 103,000 shares, of which 3,000 shares shall be Common Stock, of the par value of One Cent (\$.01) per share ("Common Stock"), and 100,000 shares shall be Redeemable Preferred Stock, of the par value of One Dollar (\$1.00) per share ("Preferred Stock").

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of the shares of each class of stock are as follows:

PREFERRED STOCK

1.1 (a) Holders of shares of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, out of funds available for payment of dividends thereon, preferential cumulative dividends at the rate of \$8.50 per share per annum and no more, payable in cash quarterly on the first business day of January, April, July, and October in each

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year. Dividends commenced accruing on October 1, 1994 and the first dividend shall be payable January 1, 1995.

(b) The dividends on the Preferred Stock shall be payable before any dividend (except dividends payable solely in shares of Common Stock) or other distribution on any shares of Common Stock or any other class of stock at any time ranking junior to the Preferred Stock shall be declared or paid or set aside for payment, so that if in any year dividends, as specified in the next preceding paragraph, shall not have been paid thereon, the deficiency shall be payable before any dividend (except dividends payable solely in shares of Common Stock) or other distribution on any shares of the Common Stock or other class of stock at any time ranking junior to the Preferred Stock shall be declared or paid or set aside for payment.

1.2 (a) Preferred Stock shall be redeemable, in whole or in part, pro-rata, at the option of the Corporation expressed by a resolution of the Board of Directors, at any time and from time to time at a redemption price of \$79.60 per share plus an amount equal to cumulative dividends, accrued and unpaid thereon up to the date fixed for redemption and the dividend accruing on such redemption date (hereinafter referred to as the "redemption price").

(b) Notice of every redemption of Preferred Stock, in the form approved by the Board of Directors, shall be given by mailing such notice not less than 30 nor more than 60 days prior to the date fixed for such redemption to each holder of record of shares so to be redeemed at his address as shown by the records of the Corporation. Each such notice shall specify the date fixed for redemption and the place where payment of the redemption price is to be made upon surrender for cancellation of the certificates representing shares called for redemption. Failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceeding for such redemption except as to the holder to whom the Corporation has failed to mail such notice or except as to the holder whose notice was defective. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the holder receives the notice.

(c) At any time after notice of redemption shall have been duly given as above provided, the Corporation may deposit the redemption price in trust with a bank or trust company doing business in the Borough of Manhattan, the City of New York, State of New York, and having a capital, surplus and undivided profits aggregating at least \$100,000,000, named in such notice, for payment on or before the date fixed for redemption in respect of the shares called for redemption. Any interest accrued on funds which are deposited as aforesaid shall be paid to the Corporation

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from time to time and the holders of shares to be redeemed shall have no claim to any such interest.

(d) If notice shall have been duly given as hereinabove provided on and after the date fixed for redemption (unless the Corporation shall default in making payment of the redemption price) all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares including but not limited to the right to receive dividends thereon, shall cease and terminate notwithstanding that any certificate for such shares so called for redemption shall not have been surrendered for cancellation, and

the holders of such shares so called for redemption shall cease to be stockholders and shall have no interest or claim against the Corporation except the right to receive the redemption price, without interest, upon surrender of their certificates for cancellation.

(e) In order to facilitate the redemption of any shares of Preferred Stock, the Board of Directors is authorized to cause the transfer books of the Corporation to be closed as to the shares to be redeemed.

1.3 In the event of any liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of shares of Preferred Stock then outstanding shall be entitled to receive, out of the net assets of the Corporation \$79.60 per share plus an amount equivalent to the dividends accrued and unpaid thereon to the date of final distribution, before any distribution shall be made to the holders of shares of Common Stock or any other stock ranking junior to the Preferred Stock. If, upon any liquidation, dissolution or winding up, the assets of the Corporation distributable among the holders of the Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets or the proceeds thereof shall be distributable among the holders of the Preferred Stock ratably in accordance with the sums which would be payable on such distribution if all sums payable were discharged in full. The holders of Preferred Stock shall not be entitled to receive any amounts with respect thereto upon any liquidation, dissolution or winding up of the Corporation other than the amounts referred to in this paragraph. Neither the merger nor the consolidation of the Corporation, nor the sale, lease or conveyance of all or part of its property and business as an entirety, shall be deemed to be a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this paragraph.

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1.4 The holders of shares of Preferred Stock shall have no voting rights whatsoever, except for any voting rights to which they may be entitled under the laws of the State of Delaware, and except as follows: so long as any shares of the Preferred Stock remain outstanding, the Corporation will not, either directly or indirectly or through merger or consolidation with any other corporation, without the affirmative vote of the holders of at least a majority in number of shares of the Preferred Stock and parity stock possessing like voting rights which have vested and are exercisable then outstanding, (a) create any series or class of stock ranking prior or pari passu to the Preferred Stock either as to dividends or upon liquidation or increase the authorized number of shares of any series or class of stock ranking prior or pari passu with the Preferred Stock either as to dividends or upon liquidation, (b) amend, alter or repeal any of the provisions of the Certificate of Incorporation so as to affect adversely the preferences, special rights or powers of the Preferred Stock, or (c) authorize any reclassification of the Preferred Stock.

#### COMMON STOCK

2.1 Subject to all the rights of the Preferred Stock, dividends may be paid upon the Common Stock as and when declared by the Board of Directors out of any funds legally available therefor.

2.2 Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment shall have been made in full to the holders of Preferred Stock the holders of the Common Stock shall be entitled to receive any and all assets remaining to be paid or distributed.

2.3 Except as otherwise provided by statute or by any express provision



of this Certificate, all rights to vote and all voting power shall be exclusively vested in the Common Stock and the holders thereof shall be entitled to one vote for each share for the election of directors and upon all other matters.

GENERAL

3.1 A director shall be fully protected in relying in good faith upon the books of account of the Corporation or statements prepared by any of its officials as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

3.2 The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof, for all purposes, and shall not be bound to

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recognize any equitable or other claim to or interest in such share, right or option on the part of any other person, whether or not the Corporation shall have notice thereof, save as may be expressly provided by the laws of the State of Delaware.

3.3 The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars (\$1,000).

FIFTH: The Corporation is to have perpetual existence.

SIXTH: (a) The number of Directors of the Corporation which shall constitute the whole Board of Directors shall be such as from time to time shall be fixed by or in the manner provided in the By-Laws but in no case shall the number be less than one. Except as may otherwise be required by law, vacancies in the board of directors and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, though less than a quorum.

(b) All corporate powers of the Corporation shall be exercised by the Board of Directors except as otherwise provided herein or by law. In furtherance and not in limitation of the powers conferred by statute and by law the Board of Directors is expressly authorized:

(1) To fix, determine and vary from time to time the amount to be maintained as surplus and the amount or amounts to be set apart as working capital.

(2) To set apart out of any of the funds of the Corporation legally available for dividends a reserve or reserves for any proper purposes and/or to abolish any such reserve or reserves in the manner in which created.

(3) To make, amend, alter, change, add to or repeal By-Laws of the Corporation, without any action on the part of the stockholders.

(4) To authorize and cause to be executed mortgages and liens, with or without limit as to amount, upon the real or personal property of the Corporation.

(5) From time to time to determine, whether and to what extent, at what time and place and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of

any stockholder, and no stockholder shall have any right to inspect any account or book or document of the Corporation except as conferred by statute or By-Laws or as authorized by resolution of the stockholders or Board of Directors.

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(6) To authorize the payment of compensation to the Directors for service to the Corporation, including fees and expenses for attendance at meetings of the Board of Directors, the Executive Committee and other committees and/or salaries for serving as such directors or committee members, and to determine the amount of such compensation.

(7) From time to time to formulate, establish, promote and carry out, and to amend, alter, change, revise, recall, repeal or abolish, a plan or plans for the participation by all or any of the employees, including Directors and officers, of the Corporation, or of any corporation, company, association, trust or organization in which or in the welfare of which the Corporation has any interest, and those actively engaged in the conduct of the Corporation's business, in the profits, gains or business of the Corporation or of any branch or division thereof, as part of the Corporation's legitimate expenses and for the furnishing to such employee, Directors, officers or persons, or any of them, at the Corporation's expense, or medical services, insurance against accident, sickness or death, pensions during old age, disability or unemployment, education, housing, social services, recreation or other similar aids for their relief or general welfare, in such manner and upon such terms and conditions as the Board of Directors shall determine.

(8) From time to time to formulate, establish and carry out, and to amend, alter, change, revise, recall, repeal or abolish, a plan or plans providing for the purchase of shares of stock of the Corporation by, or for the granting of options or other rights to purchase shares of stock of the Corporation to, or for the issuance of shares of stock of the Corporation to, all or any of the officers and other employees of the Corporation, upon such terms and conditions and for such consideration as the Board of Directors may determine in good faith to be fair and reasonable.

(9) By a majority of the whole Board to designate one or more committees, each committee to consist of one or more of the Directors of the Corporation. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The By-Laws may provide that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified members. Any such committee, to the extent provided in the resolution or in the By-Laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers

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which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's

property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless the resolution or By-laws expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. .

SEVENTH: (a) No contract or transaction between the Corporation and one or more of its Directors, or between a corporation and any other corporation, partnership, association or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because such Directors or officers are present at or participate in the meeting or committee thereof which authorized the contract or transaction, or solely because his or their votes are counted for such purpose; provided that the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, or a majority of such members thereof as shall be present at any meeting thereof at which action upon any such contract or transaction shall be taken, and the Board of Directors or committee authorized the contract or transaction by the affirmative votes of the disinterested directors, even though the disinterested directors be less than a quorum. In any case described in this Section, any common or interested Director may be counted in determining the existence of a quorum at any meeting of the Board of Directors or any committee which shall authorize any such contract or transaction and may vote thereat to authorize any such contract or transaction. Any Director of the Corporation may vote upon any contract or other transaction between the Corporation and any subsidiary or affiliated corporation without regard to the fact that he is also a Director of such subsidiary or affiliated corporation.

(b) No person shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a Director or officer of the Corporation in good faith, if such person (i) exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (ii) took, or omitted to take, such action in reliance upon advice of counsel for the Corporation or upon statements made or information furnished by officers or employees of the Corporation which he had reasonable grounds to believe or upon the Corporation's books of accounts, financial statements, or other reports prepared by an officer or employee of the Corporation-

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ation or by an independent public accountant or firm of independent public accountants, or by an appraiser.

(c) Any contract, transaction or act of the Corporation or of the Board of Directors which shall be ratified by a majority of a quorum of the stockholders entitled to vote at any annual meeting or at any special meeting called for that purpose shall be as valid and binding as though ratified by every stockholder of the Corporation; provided, however, that any failure of the stockholders to approve or ratify such contract, transaction or act when and if submitted to them shall not be deemed in any way to invalidate the same or to deprive the Corporation, its Directors or officers of their right to proceed with such contract, transaction or act.

(d) Each Director, officer and employee, past or present, of the Corporation, and each person who serves or may have served at the request of the Corporation as a Director, Trustee, officer or employee of another corporation, association, trust or other entity and their respective heirs, administrators and executors, shall be indemnified by the Corporation in

accordance with, and to the fullest extent permitted by, the provisions of the General Corporation Law of the State of Delaware as it may from time to time be amended. Each agent of the Corporation and each person who serves or may have served at the request of the Corporation as an agent of another corporation, or as an employee or agent of any partnership, joint venture, trust or other enterprise may, in the discretion of the Board of Directors, be indemnified by the Corporation to the same extent as provided herein with respect to Directors, officers and employees of the Corporation. The provisions of this paragraph (d) shall apply to any member of any Committee appointed by the Board of Directors as fully as though such person shall have been an officer or Director of the Corporation.

(e) A Director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived an improper personal benefit.

(f) The provisions of this Article Seventh shall be in addition to and not in limitation of any other rights, indemnities, or limitations of liability to which any Director or officer may be entitled, as a matter of law or under any By-Law, agreement, vote of stockholders or otherwise.

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EIGHTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH: Meeting of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation. Elections of Directors need not be by written ballot unless the By-Laws of the Corporation shall so provide.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in the Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon officers, Directors and

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stockholders herein are granted subject to this reservation.

ELEVENTH: The name and address of the incorporator are as follows:

<TABLE>

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Name	Address
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<S>	<C>
B.J. Consono	100 West Tenth St., Wilm., DE 19899
W.J. Reif	100 West Tenth St., Wilm., DE 19899
J.L. Rivera	100 West Tenth St., Wilm., DE 19899

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EXHIBIT 10.11

EMPLOYMENT AGREEMENT, effective as of the 1st day of June, 1993, between TRANS-RESOURCES, INC., a Delaware corporation ("Company"), and Thomas G. Hardy, a resident of the State of New York ("Executive").

W I T N E S S E T H:

WHEREAS, Company desires to continue to employ Executive and Executive has agreed to continue to be employed by Company on the terms and conditions herein set forth (this agreement being hereinafter referred to as the "Agreement");

NOW, THEREFORE, Company and Executive hereby agree as follows:

1. Employment; Terms and Duties

(a) (i) Company hereby employs Executive, and Executive hereby agrees to serve, as an executive officer of Company for a period commencing as of the date hereof and ending on the day preceding the seventh anniversary of the date hereof (the "Primary Term"). The employment of Executive hereunder after the Primary Term shall continue automatically for up to 10 successive one year periods, unless either Company or Executive shall give to the other party at least 12 months' prior written

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notice of termination. During the first three years of the Primary term, Executive shall have the title of President and Chief Operating Officer.

(ii) Notwithstanding the foregoing, Company may terminate this Agreement and Executive's employment hereunder as at the first, second or third anniversary of the date hereof, by written notice given to Executive at least 90 days prior to the date of termination.

(b) Executive shall, subject to the supervision and control of the Board of Directors and the Chief Executive Officer of Company, perform such duties and exercise such supervision and powers over and with regard to

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the business of Company as may be prescribed from time to time by the Board of Directors or the Chief Executive Officer of Company or by the Chairman of the Board of Company. Executive agrees, if elected, to hold any office of the Company or of any subsidiary of Company and/or to serve as a director of any thereof, without further salary or other compensation. Executive shall perform such duties to the best of his ability and in a diligent and proper manner.

(c) Except during customary vacation periods and periods of illness, Executive shall, during his employment hereunder, devote his full business time and attention to the performance of services for Company.

## 2. Salary; Fringe Benefits

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(a) As partial compensation for the services to be rendered by Executive hereunder, Company shall pay or cause to be paid to Executive, and Executive agrees to accept, a base salary at a rate of not less than Four Hundred Thousand (\$400,000) Dollars a year payable in equal installments in accordance with normal payroll practices of Company but not less frequently than monthly. The base salary shall be subject to adjustment annually beginning June 1, 2000 after good faith negotiations between Executive and Company, provided that no annual adjustment shall be less than that necessary to reflect changes in the Consumer Price Index (New York or comparable urban region) for the year preceding such adjustment.

(b) During his employment hereunder, Executive shall be eligible to participate in and to be covered by each life insurance, accident insurance, health insurance, hospitalization and other similar plan effective generally with respect to executives of Company (individually, a "Plan"), to the extent he is eligible under the terms of such Plan, on the same basis as shall be available to executives of Company with comparable positions and without restriction or limitation by reason of this Agreement.

(c) Nothing herein contained shall prevent the Board of Directors of Company from at any time increasing the compensation herein provided to be paid to Executive, either permanently or for a limited period, or from paying bonuses and

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other additional compensation to Executive in the event the Board of Directors, in its sole discretion, shall deem it advisable to do so in order to recognize and compensate Executive for the value of his services; provided, however, that this subsection (c) shall not in any manner obligate Company to make any such increase or provide any such additional compensation.

## 3. Expenses

Executive shall be entitled to reimbursement for travel and other reasonable business expenses in accordance with the rules of Company in force from time to time.

## 4. Bonus

(a) Definitions. The following terms used in this Section shall have the meanings set forth below:

ACCELERATION EVENT. (i) Any transaction (other than the issuance of capital stock by Company) which results in Arie Genger and/or his spouse, children, children-in-law and grandchildren (collectively, "Family") directly or indirectly owning beneficially less than 100% of the capital stock of the Company, or (ii) the sale or exchange of all or substantially all the

assets of Company in one or a series of transactions as a result of which Company ceases to be engaged, either directly or through other entities, in the active conduct of a trade or business with revenues or assets not substantially less than those of Company immediately prior to such transaction, or (iii) Arie Genger ceasing to be actively engaged as a senior

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executive officer of Company or Executive becoming subject to the supervision or control of any officer of Company other than Arie Genger, in each case other than by reason of the death or disability of Arie Genger. Notwithstanding the foregoing, no Acceleration Event shall result from the issuance of capital stock of Company's parent corporation, TPR Investment Associates, Inc., in connection with the rescission of a prior redemption thereof, in whole or in part, including, without limitation, pursuant to an adversary proceeding in re Richard J. Grassgreen, Case No. 93-1640-3PI pending in the United States Bankruptcy Court, Middle District of Florida, Jacksonville Division, entitled Grassgreen v. Genger et al.; in the event of any such issuance, there shall be substituted for "100%" in clause (i) of this definition the percentage beneficial ownership of the Family directly and indirectly of the capital stock of Company immediately after such issuance, it being understood that similar adjustment shall be made in each instance of such issuance.

APPLICABLE PERCENTAGE. The product of 0.245% (i.e., 0.00245, or 50% divided by the number of months in 17 years) and the number of complete calendar months that shall have elapsed from the date of this Agreement until the date of the termination of Executive's employment.

BASE BONUS. An amount equal to the excess over \$2.8 million of the sum of the following amounts:

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(i) 2% of the Enterprise Value not in excess of \$340 million, plus  
 (ii) 20% of the Enterprise Value in excess of \$340 million but not in excess of \$380 million, plus  
 (iii) 5% of the Enterprise Value in excess of \$380 million.

ENTERPRISE VALUE. The fair market value of the equity of the Company determined as at the December 31 of the year in which the employment of Executive hereunder terminates, the year in which Executive attains the age of 65 years, or the year in which an Acceleration Event occurs, whichever is applicable.

TENTATIVE ENTERPRISE VALUE. The product of (i) the price/earnings ratio of the Standard & Poor's "500," as reported in the Standard & Poor's Information Bulletin (or other official publication of Standard & Poor's) at December 31 of the year preceding the April 1 on which a payment of Advance Bonus (as defined in Section 4(e) hereof) is payable, and (ii) the weighted average of the net income of the Company for the three years ending with such December 31. Such weighted average shall be determined by multiplying the net income (after all extraordinary and nonrecurring items) of the Company for the year then ended by three; for the next preceding year, by two; and for the second preceding year, by one; and then dividing the sum of such products by six. The determination of Tentative Enterprise

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Value shall in no way control, influence or enter into the determination of Enterprise Value. If the price/earnings ratio of the Standard & Poor's "500" is not available for the relevant date, the parties shall endeavor to agree on a comparable index. If the parties cannot so agree by the January 31 following such December 31, either party may request the President of the American Arbitration Association to designate a comparable index, and such designation shall be binding and conclusive on the parties hereto and not subject to review.

(b) Base Bonus. Executive shall be entitled to receive payment of the Base Bonus in accordance with the provisions of Section 4(f) hereof:

(i) in the event Company terminates Executive's employment hereunder as of the first, second or third anniversary of the date of this Agreement pursuant to Section 1(a)(ii) hereof;

(ii) in the event Company terminates Executive's employment hereunder at any time after the Primary Term pursuant to notice given by the Company in accordance with Section 1(a)(i) hereof;

(iii) upon the termination of Executive's employment hereunder for any reason at any time after Executive attains the age of 65 years; and

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(iv) in the event Executive's employment hereunder shall terminate due to his death or disability (pursuant to Section 7 hereof); provided, however, that in the event Executive's employment shall so terminate at any time before the end of the Primary Term, the amount of the Base Bonus shall be pro-rated based on the number of complete months that shall have elapsed from the date of this Agreement to the date of such termination of employment; and provided, further, that in the event Executive's employment hereunder shall terminate due to his death, the amount of Base Bonus shall not be less than \$1 million.

(c) Applicable Percentage of Base Bonus. Executive shall be entitled to receive payment of an amount equal to the Applicable Percentage of the Base Bonus in accordance with the provisions of Section 4(f) hereof in the event Executive terminates his employment hereunder for any reason at any time after the Primary Term and before Executive has attained the age of 65 years.

(d) Prepayments. Executive shall be entitled to receive prepayment ("Prepayment") of the Base Bonus in accordance with the provisions of Section 4(f) hereof upon the occurrence of an Acceleration Event; provided, however, that if the Acceleration Event is a transaction (a "Partial Cash Out Transaction") as a result of which the Family directly and indirectly owns beneficially less than 100% but more than 0% of

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the capital stock of Company, then Company shall be required to prepay a percentage (the "Prepayment Percentage") of the Base Bonus equal to the percentage point decrease in the direct and indirect beneficial ownership of



the capital stock of Company by the Family on a fully diluted basis as a result of the Partial Cash Out Transaction. The preceding sentence shall be applied successively to each Partial Cash Out Transaction. Notwithstanding any other provision of this Agreement, the amount of the Base Bonus and Applicable Percentage of Base Bonus payable after any Prepayments pursuant to this Section 4(d) shall not exceed the amount otherwise payable multiplied by the excess of 100% over the aggregate of all Prepayment Percentages previously applied to determine the amount of such Prepayments. In the case of an Acceleration Event which involves the receipt as consideration of property other than cash, Prepayments pursuant to this Section 4(d) shall be paid with a proportionate part of such non-cash consideration, which shall be valued for purposes of satisfying Company's payment obligations at its fair market value determined as at the time of the Acceleration Event, with no adjustment for fluctuations in value from such time to the time used to effect Prepayment. For purposes of determining the amount of the Base Bonus in the case of an Acceleration Event referred to in clauses (i) or (ii) of the definition thereof, the Enterprise Value shall be determined based upon the fair market value of any consideration received in connection with the transaction described in such clauses. The provisions of Section

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4(g) hereof shall apply to determine such Enterprise Value and the fair market value of any non-cash consideration received.

(e) Advance Bonus. As an advance against payments otherwise required by Sections 4(b), 4(c) and 4(d) hereof, Company shall make up to five equal annual payments ("Advance Bonus") to Executive beginning on the April 1 succeeding the year in which Executive attains the age of 60 years while employed by the Company. No payment of Advance Bonus shall be made on any April 1 unless Executive is employed by Company on such date. Each payment of Advance Bonus pursuant to this subsection shall be equal to ten (10%) percent of the aggregate principal amount of Base Bonus that would be payable were the Tentative Enterprise Value at the December 31 in the year in which Executive attains the age of 60 years (the "Initial TEV") the Enterprise Value, provided, however, that if, as at any April 1, the Tentative Enterprise Value as at the preceding December 31 is less than the Initial TEV, the amount of the payment to be made on such April 1 and all subsequent payments of Advance Bonus shall be redetermined based on such lower Tentative Enterprise Valuation such that the sum of all payments of Advance Bonus made and to be made shall equal the sum of such payments were such lower Tentative Enterprise Valuation the Initial TEV. The foregoing proviso shall apply successively whenever the Tentative Enterprise Valuation is less than Initial TEV. Payments of Advance Bonus shall not bear interest. Notwithstanding anything in this Agreement to the contrary,

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payments of Advance Bonus shall not exceed the amount of Bonus to which Executive is entitled, provided, however, that under no circumstances shall Executive be required to return or repay any payments of Advance Bonus.

(f) Time of and Limitations on Payments. The Base Bonus, the Applicable Percentage of the Base Bonus and any Prepayments where the Prepayment Percentage is less than 100%, in each case reduced by all payments of Advance Bonus under Section 4(e) hereof, shall be paid to Executive or the beneficiary designated in accordance with Section 5(e) below ("Designated

Beneficiary") in five equal annual installments beginning April 1 of the year following the year in which the Executive's employment terminates, he attains the age of 65 years, or an Acceleration Event occurs. Each installment other than the first shall be paid together with interest on the unpaid balance from the date the first installment was payable, compounded annually, at the prime rate announced from time to time by Chemical Bank, New York City. Notwithstanding the foregoing, at Company's option no annual payment under this Section 4(f) shall exceed \$2 million in the aggregate (principal plus interest); and any amount otherwise due hereunder but not payable on account of Company's exercise of such option shall be paid, together with interest compounded annually at the prime rate announced from time to time by Chemical Bank, New York City, on the next succeeding April 1, subject, however, to Company's option set forth herein. In any case where the aggregate of all Prepayment

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Percentages is 100%, Prepayment of the Base Bonus together with all unpaid installments of Prepayments of the Base Bonus, reduced by all payments of Advance Bonus under Section 4(e) hereof, shall be made in a lump sum on the April 1 following the year in which the Acceleration Event occurs without regard to the optional \$2 million limitation in the preceding sentence.

(g) Determining Value. At any time that it shall become necessary to determine the Enterprise Value of Company, including the fair market value of any non-cash consideration received in an Acceleration Event, Executive and Employee shall be entitled to retain investment bankers or appraisers to advise them. Executive and Company shall give to the other prompt written notice of any such retention. Executive and Company shall endeavor to reach agreement as to the Enterprise Value, but if they are unable to do so before the March 16 after the December 31 as of which Enterprise Value is to be determined, then each shall, not later than the following April 1, give written notice to the other setting forth the Enterprise Value such party desires to be used for purposes of this Agreement. If only one party shall give such notice, then the Enterprise Value set forth in such notice shall be deemed to be the Enterprise Value for purposes of this Agreement and such Enterprise Value shall be final, binding and conclusive on the parties hereto. If both parties give such notice, then they shall select an investment banker of national standing, which has no relationship to Company or Executive, to choose whether the Enterprise Value

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contended for by Executive or by Company is the more reasonable, such investment banker being without power to determine any other amount for Enterprise Value. The determination of such investment banker shall be final, binding and conclusive on the parties hereto. If the parties are unable to reach an agreement as to the identity of the third investment banker before the following April 16, then either party shall be entitled to apply to the President of the American Arbitration Association to designate such an investment banker. Each party shall bear the fees and expenses of its own investment banker or appraiser. If the respective amounts of Enterprise Value contended for by Executive and Company differ by not more than 15% of the lower amount, then each shall bear one-half of the fees and expenses of the third investment banker, but if such amounts differ by 15% or more of the lower amount, then the fees and expenses of the third investment banker shall

be borne by the non-prevailing party.

(h) Forfeiture of Bonus. Notwithstanding any other provision of this Agreement, in the event Executive voluntarily and other than due to his death or permanent disability terminates his employment with Company before the end of the Primary Term, Executive shall thereupon forfeit, and shall not be entitled to receive any future payment of, any Base Bonus or Applicable Percentage of the Base Bonus, regardless whether the any amounts thereof shall theretofore have been determined.

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5. Covenants Not to Compete or Hire Certain Employees.

(a) Executive shall not during, or within five (5) years after the termination of, his employment with Company (i) engage or be interested in, directly or indirectly, for himself or for anyone else, or render any service or advice, to anyone directly or indirectly competitive with any of the businesses then engaged in by Company or (ii) solicit, employ or attempt to employ any individual who was employed by Company at any time during the period of two (2) years prior to the date Executive solicits, employs, or attempts to employ such individual or in any way cause, influence or participate in the employment of any such individual by anyone else.

(b) Executive shall not be deemed to have breached his obligations under this Section 5 if he shall have rendered any services or engaged in any activity prohibited by Section 5(a) believing in good faith that it or they were not prohibited and shall have ceased to render such services or engage in such activity not later than thirty (30) days after Company shall have given its written notice of objection to such services or activity. Executive's ownership of up to 5% of the capital stock of a company whose securities are publicly traded shall not be deemed a violation or breach of the foregoing provision.

(c) It is agreed by Executive that any breach or threatened breach by Executive of any provision of this Section 5

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cannot be remedied solely by damages. In the event of a breach or threatened breach by Executive of any of the provisions of this Section 5, Company shall be entitled to injunctive relief restraining Executive and any business, firm, partnership, individual, corporation or entity participating in such breach or attempted breach. Nothing herein, however, shall be construed as prohibiting Company from pursuing any other remedies available at law or in equity, for such breach or threatened breach, including the recovery of damages.

(d) If any of the provisions of or covenants contained in this Section 5 are hereafter construed to be invalid or unenforceable in any jurisdiction, the same shall not affect the remainder of the provisions of or enforceability thereof in any other jurisdiction, which shall be given full effect without regard to the invalid portions or the unenforceability in such other jurisdiction. If any of the provisions of or covenants contained in this Section 5 are held to be unenforceable in any jurisdiction because of the duration or scope thereof, the parties agree that the court making such determination shall have the power to reduce the duration and/or scope of such provision or covenant and, in its reduced form, said provision or covenant shall be enforceable; provided, however, that the determination of such court shall not affect the enforceability of this Section 5 in any other jurisdiction.

## 6. Disability.

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(a) If Executive becomes physically or mentally disabled during his employment hereunder to such an extent that he shall be substantially unable to perform his duties hereunder and such disability shall continue for a period of at least 180 consecutive days, then, notwithstanding the provisions of Section 1 hereof, Company may at or at any time after the end of such period and during the continuance of such disability give notice to Executive of the termination of his employment hereunder on a date stated in such notice, which shall not be less than 10 days after the date of the giving of such notice, and Executive's employment hereunder shall terminate on such date. Unless and until Company exercises its right to terminate Executive's employment under the provisions of this Section 6, Company shall continue to pay Executive his monthly salary to and including the calendar month in which his employment terminates under this Section 6.

(b) Either Executive or his legal representative, on the one hand, or Company, on the other hand, shall have the right, upon written notice to the other party, to submit the issue of physical or mental disability to an impartial physician agreed upon by the parties, or in the absence of such an agreement by the parties within fifteen days of such notice, to a physician designated by the then President of the New York Academy of Medicine. Executive's refusal to submit to the physician's examination shall be deemed "for cause" conduct by him and shall make available to Company all rights set forth in

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Section 7 hereof. The determination of any such physician shall be final and binding upon the parties hereto. If such physician determines that Executive is not physically or mentally disabled to such an extent that he is substantially unable to perform his duties hereunder, but Executive refuses to perform such duties, such refusal shall be deemed "for cause" conduct by him and shall make available to Company all rights set forth in Section 7 hereof.

7. Discharge for Serious Misconduct; Effect on Payments under Sections 2 and 4 .

(a) Notwithstanding anything herein to the contrary, Executive may be discharged for cause. If the Executive is discharged by Company for cause, then, notwithstanding the provisions of Section 1 hereof, the period of Executive's employment under this Agreement shall terminate as of the date of Company's written notice of termination for cause and Company shall have the right, exercisable in its sole discretion, to terminate, as of such date, its obligation to make any or all of the following payments otherwise payable by Company even though Company's written allegation of cause is disputed by Executive and he commences an arbitration proceeding as provided in Section 7(c):

(i) Salary under Section 2 hereof; and

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(ii) The payments and Prepayments of the Base Bonus and payments of the Applicable Percentage of Base Bonus and Advance Bonus under Section 4 hereof.

(b) As used in this Section 7, the term "for cause" shall mean and be limited to (in addition to the matters referred to in Section 6(b) hereof) the following events:

(i) Executive's conviction in a court of law of any crime that constitutes a felony in the jurisdiction involved; or

(ii) Executive's continuing, repeated and wilful violation of any specific written directions of the Board of Directors of Company, which directions are consistent with the provisions of this Agreement and which violation continues for a period of 30 days following Executive's receipt of such written directions; or

(iii) Executive's continuing, repeated and wilful failure or refusal to perform his duties in accordance with Section 1 hereof; provided, however, that no discharge "for cause" under this clause shall be deemed effective unless Executive shall have first received written notice from the Board of Directors of Company, advising Executive of the specific acts or omissions alleged to constitute a failure to perform his duties, and such failure continues after Executive shall have had a reasonable opportunity (which shall be defined as a period of

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time consisting of at least 30 days from the date Executive receives said notice from the Board of Directors) to correct the acts and omissions so complained of; provided, however, that in no event shall alleged incompetence of Executive in the performance of his duties hereunder be deemed grounds for discharge "for cause" hereunder.

(c) Executive may dispute Company's allegation by commencing an arbitration proceeding in which the allegation is disputed within 60 days of his receipt of Company's written allegation of "for cause" conduct. If Company's allegation is not sustained in the arbitration proceeding, (i) Executive's employment hereunder shall be reinstated subject to the terms of this Agreement, (ii) Executive shall be entitled to all compensation and fringe benefits he would have otherwise received retroactive to the date of Company's written allegation of "for cause" conduct and (iii) all payments terminated by reason of Executive's alleged "for cause" conduct shall automatically be reinstated retroactively to their date of termination. The failure of Executive to commence such arbitration proceeding within such 60-day period shall conclusively and incontrovertibly bar Executive's right to dispute Company's written allegation of "for cause" conduct. Any arbitration proceeding under this Section 7 shall be conducted before three arbitrators, one chosen by Company, one chosen by Executive, and the third chosen by the first two, under the rules of the American Arbitration Association then obtaining.

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(d) Nothing in Section 7(a) hereof shall limit or restrict the equitable and legal remedies of Company by reason of Executive's "for cause" conduct.

8. Assignment of Agreement

In the event that (other than in a transaction that constitutes

an Acceleration Event) Company, or any entity resulting from any merger or consolidation referred to in this Section 8 or any entity referred to in this Section 8 which shall be a purchaser or transferee shall at any time be merged or consolidated into or with any other entity, or in the event that (other than in a transaction that constitutes an Acceleration Event) substantially all of the assets of Company or any such entity shall be sold or otherwise transferred to another entity, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the continuing entity in or the entity resulting from such merger or consolidation or the entity to which such assets shall be sold or transferred. Except as provided in the preceding sentence of this Section 8, this Agreement shall not be assignable by Company or by any entity referred to in such preceding sentence. This Agreement shall not be assignable by Executive, but in the event of Executive's death, it shall be binding upon and shall inure to the benefit of all persons entitled to receive payments under this Agreement.

#### 9. Notices

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All notices and communications hereunder shall be in writing and be hand delivered or mailed by registered or certified mail, return receipt requested, postage and registration or certification fees prepaid, and shall be deemed given when so delivered or three days after mailed, as follows:

If to Company: Trans-Resources, Inc.  
9 West 57th Street  
New York, New York 10019  
Attention: Chairman of the Board

with copy to: Rubin Baum Levin Constant & Friedman  
30 Rockefeller Plaza  
New York, New York 10112  
Attention: Edward Klimerman, Esq.

If to Executive: Mr. Thomas G. Hardy  
935 Park Avenue  
New York, New York 10028

The foregoing addresses may be changed by notice given in the manner set forth in this Section 9.

#### 10. Miscellaneous

(a) This Agreement contains the entire understanding of the parties hereto with respect to the services to be rendered by Executive to Company after the date hereof, expressly supersedes any prior agreement between the Company and Executive with respect to the subject matter hereof, and the provisions hereof may not be amended, waived, terminated, or discharged in any way whatsoever except by subsequent written agreement executed by the party to be charged therewith. A waiver by either of the parties of any of the terms or conditions

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of this Agreement, or of any breach thereof, shall not be deemed a waiver of such terms or condition for the future of any other term or condition hereof, or of any subsequent breach hereof.

(b) This Agreement shall be construed and interpreted under

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the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York.

(c) The captions in this Agreement are not part of the provisions hereof, are merely for the purpose of reference and shall have no force or effect for any purposes whatsoever, including the construction of the provisions of this Agreement.

(d) At its option, Company may, at any time during the term of this Agreement, obtain appropriate life insurance upon the life of Executive to fund the payment of any of its obligations to Executive under this Agreement; provided, however, that Company shall be primarily liable for payment of such obligations, and its failure to obtain insurance, or the refusal of any insurance company to pay on or honor its policy, shall not discharge Company from such obligations. Executive shall cooperate with Company to assist Company in obtaining such policies.

(e) Neither Executive nor any beneficiary who may become entitled to a benefit under this Agreement shall have any power to transfer, assign, alienate, anticipate, hypothecate, or

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otherwise encumber any of the benefits payable hereunder, nor shall any benefits hereunder be subject to the debts, contracts, liabilities, torts or other engagements of any such person or estate, or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise.

(f) Company may withhold from any benefits payable under this Agreement all federal, state or local taxes that may be required to be withheld pursuant to any applicable law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TRANS-RESOURCES, INC.

By: s/ Arie Genger  
Arie Genger,  
Chairman of the Board

s/ Thomas G. Hardy  
Thomas G. Hardy

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EXHIBIT 10.12

SALARY CONTINUATION AGREEMENT

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AGREEMENT entered into as of this 24th day of August, 1994, by and between TRANS-RESOURCES, INC., a Delaware corporation, having offices at 9 West 57th Street, New York, NY 10019 ("TRI"), and Lester W. Youner, residing at 11 Elm Street, Woodbury, NY 11797 ("Executive").

WHEREAS, Executive is employed by TRI and TRI recognizes the valuable services heretofore performed for it by Executive and wishes to encourage his continued employment; and

WHEREAS, Executive wishes to be assured that he will be entitled to a certain amount of additional compensation after his retirement from active service with TRI, or other termination of his employment, and that his designated beneficiary will receive a death benefit in the event of Executive's death while in active employment; and

WHEREAS, the parties hereto wish to provide the terms and conditions upon which TRI shall pay such additional compensation to Executive after his retirement or other termination of employment, or in the event of his death while in active employment; and

WHEREAS, the parties hereto intend that this Agreement be considered a non-qualified unfunded arrangement, maintained primarily to provide salary continuation benefits to Executive, a member of a select group of management or highly compensated employees of TRI, for purposes of the Employee Retirement Income Security Act of 1974, as amended;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein contained, the parties hereto agree as follows:

1. TRI agrees that, subject to the vesting requirements set forth in Paragraph 3 below, it will pay to Executive, as additional compensation, an annual lifetime retirement benefit (the "Retirement Benefit") of \$100,000, in monthly installments, commencing on the first day of the month following Executive's 65th birthday. If Executive dies after the commencement of the Retirement Benefit, and before 10 annual payments of \$100,000 have been made, TRI shall continue to make payments to the beneficiary designated by Executive in accordance with Paragraph 5 below (the "Designated Beneficiary") until an aggregate of 10 annual payments of \$100,000 have been made to Executive and the Designated Beneficiary.

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2. If Executive should die while in active employment with TRI and before his 65th birthday, TRI will, subject to the vesting requirements set forth in Paragraph 4 below, pay to the Designated Beneficiary the sum of \$100,000 per annum (the "Pre-Retirement Death Benefit"), in equal monthly installments, for a period of 10 years, commencing on the first day of the month following the death of Executive.

3. No part of the Retirement Benefit shall become vested and non-forfeitable until December 31, 1996. The Retirement Benefit shall become 25% vested and non-forfeitable on December 31, 1996. An additional 5% shall become vested and non-forfeitable on each succeeding December 31 thereafter. Notwithstanding the foregoing, the Retirement Benefit shall become 100% vested and non-forfeitable on the earlier of Executive's 65th birthday and the occurrence of an Acceleration Event (as hereinafter defined). If Executive's



employment with TRI terminates for any reason, the percentage of the Retirement Benefit in which Executive does not have a vested and non-forfeitable interest pursuant to this Paragraph 3 shall be forfeited at the time Executive's employment terminates. The term "Acceleration Event" shall mean any event or series of events by which both (i) Arie Genger and his family fail to maintain aggregate beneficial ownership, directly or indirectly, of more than 50% of the Company's stock on a fully diluted basis and (ii) Arie Genger ceases to be the Chief Executive Officer of the Company.

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4. The Pre-Retirement Death Benefit shall be 50% vested and non-forfeitable upon execution of this Agreement and shall become 100% vested and non-forfeitable on the earlier of December 31, 1996 and the occurrence of an Acceleration Event. The Pre-Retirement Death Benefit shall cease and terminate upon Executive's termination of employment.

5. Executive may designate one or more persons or trusts as a primary beneficiary and, if Executive so elects, as a contingent beneficiary, on a form provided by TRI. Executive may change his Designated Beneficiary by filing a written notice thereof with TRI. Any such change shall become effective upon receipt thereof by TRI and shall supersede all prior designations. If for any reason Executive fails to name a Designated Beneficiary, TRI shall treat Executive's Estate as the Designated Beneficiary.

6. Executive agrees that, as a condition to the performance by TRI of its obligations under this Agreement, if he shall at any time voluntarily elect to terminate his employment with TRI, he will not, during the two year period beginning on the date of termination of employment, directly or indirectly, as an employee, agent, officer, partner, director or otherwise, engage or participate in any business which, in the reasonable judgment of the Board of Directors of TRI, is competitive with the business of TRI or any of its subsidiaries at such time, unless TRI's Board of Directors shall have first consented

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thereto in writing. The provisions of this Paragraph 6 shall not apply if Executive's employment is involuntarily terminated by TRI.

7. Notwithstanding any other provision of this Agreement, if Executive's employment with TRI is terminated because of Executive's commission of any dishonest or criminal act which adversely affects the business of TRI to any significant extent, Executive shall forfeit all benefits under this Agreement and no amount shall be paid thereafter to Executive or to his Designated Beneficiary or to his Estate.

8. All benefits payable pursuant this Agreement shall be paid from the general assets of TRI, and TRI shall be under no obligation to segregate any of its assets in connection with the benefits provided hereunder or to fund or otherwise secure its obligations hereunder.

9. If TRI elects to provide for the payment of its obligations hereunder through the purchase of any contract(s) of insurance, none of Executive, his Designated Beneficiary, or any other person or trust that

acquires a right to receive payments hereunder, shall have any rights or interest in any such contract(s) of insurance greater than those of an unsecured creditor of TRI. TRI shall be the sole owner and beneficiary of any such contract(s) of insurance and, as such, shall possess and may exercise all incidents of ownership therein.

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10. Nothing contained in this Agreement shall be construed as a contract of employment, or as conferring upon Executive the right to continue to be employed by TRI in any capacity. It is expressly understood by the parties hereto that this Agreement relates exclusively to additional compensation for Executive's services payable after termination of his employment with TRI and is not intended to be an employment contract.

11. This Agreement may be amended at any time by a written instrument executed by TRI and Executive.

12. This Agreement may be terminated by TRI at any time upon written notice to Executive. Subject to the provisions of Paragraph 7 hereof, notwithstanding the termination of this Agreement, TRI shall continue to be obligated to pay the Retirement Benefit in which Executive has obtained a vested and non-forfeitable interest prior to the date of such termination. The Pre-Retirement Death Benefit shall cease and terminate upon such termination of this Agreement.

13. Neither Executive nor any Designated Beneficiary who may become entitled to a benefit under this Agreement shall have any power to transfer, assign, alienate, anticipate, hypothecate, or otherwise encumber any of the benefits payable hereunder, nor shall any benefits hereunder be subject to the debts, contracts, liabilities, torts or other engagements of any such person or estate, or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise.

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14. TRI may withhold from any benefits payable under this Agreement all federal, state or local taxes that may be required to be withheld pursuant to any applicable law.

15. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties have signed and sealed this Agreement the day and year first above written.

TRANS-RESOURCES, INC.

By: s/ Arie Genger

(CORPORATE SEAL)

EXECUTIVE:  
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s/ Lester W. Youner  
Lester W. Youner

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EXHIBIT 21

The following table sets forth certain information, as of March 27, 1995, with respect to the subsidiaries of the Company, other than certain subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

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securities	State or other jurisdiction in parent which incorporated	Percentage of voting owned by its immediate
-----		
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Subsidiaries of the Company:		
Haifa Chemicals Ltd.	Israel	100%(1)
Haifa Chemicals South, Ltd.	Israel	100%
Hi-Chem (UK) Ltd.	United Kingdom	100%
Hi-Chem S.A.	Belgium	100%
Fertilizantes Quimicos, S.A.	Spain	100%
Hi-Agri S.R.L.	Italy	100%(2)
Duclos International S.A.	France	80%
Eddy Potash, Inc.	Delaware	100%
Nine West Corporation	Delaware	100%
Cedar Chemical Corporation	Delaware	100%
New Mexico Potash Corporation	New Mexico	100%

Vicksburg Chemical Company  
Delaware

100%

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(1) Including approximately 7% owned by Trans-Resources (Israel) Ltd.

(2) Including approximately 5% owned by Haifa Chemicals South, Ltd.

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EXHIBIT 24

## POWER OF ATTORNEY

Each of the undersigned officers and directors of Trans-Resources, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint Arie Genger and Lester W. Youner, and each of them, as the undersigned's true and lawful attorney-in-fact, with full power to each of them to act without the other, to execute in the name and on behalf of the undersigned, individually and in the capacity stated below, the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 1994 and any and all amendments thereto, which amendments may make such changes in such Form 10-K as either such attorney-in-fact may deem appropriate.

Each of the undersigned does further hereby ratify and confirm all that either said attorney-in-fact may do or cause to be done pursuant to the power granted hereby.

Dated: March 27, 1995

Arie Genger  
Arie Genger  
Director,  
Chairman of the Board  
and Chief Executive Officer  
(principal executive officer)

Lester W. Youner  
Lester W. Youner  
Vice President,  
Treasurer and  
Chief Financial Officer  
(principal financial and  
accounting officer)

Thomas G. Hardy  
Thomas G. Hardy  
Director

0000950123-95-000835  
Martin A. Coleman  
Martin A. Coleman  
Director

Sash A. Spencer  
Sash A. Spencer  
Director

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